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DEFENSE PRODUCTION ACT AMENDMENTS OF 1956

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

S. 3407

A BILL TO EXTEND THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED, AND FOR OTHER PURPOSES

APRIL 23 AND 25, 1956

Printed for the use of the Committee on Banking and Currency

UNITED STATES
GOVERNMENT PRINTING OFFICE
76559 WASHINGTON : 1956

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DEFENSE PRODUCTION ACT AMENDMENTS OF 1956

MONDAY, APRIL 23, 1956

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
SUBCOMMITTEE ON PRODUCTION AND STABILIZATION,
Washington, D. C.

The subcommittee met, pursuant to notice, in room 301, Senate Office Building, at 10:05 a. m., Senator J. Allen Frear, Jr. (chairman of the subcommittee) presiding.

Present: Senators Frear, Capehart, and Bush.

Also present: Senator Bennett.

Senator FREAR. The subcommittee will come to order.

The Defense Production Act of 1950 expires June 30, 1956. The Director of the Office of Defense Mobilization, Dr. Flemming, has requested a 2-year extension of the act. S. 3407 was introduced to meet this request. The Defense Production Act contains authority for allocations and priorities. It also contains in title III authority to provide financial assistance to increase production.

(S. 3407 follows:)

[S. 3407, 84th Cong., 2d sess.]

A BILL To extend the Defense Production Act of 1950, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

Senator FREAR. The chairman of the subcommittee is always happy to be in the presence of the Senator from Utah. It is unusual to have the Senator from Delaware on one side of the rostrum and the Senator from Utah on the other, but certainly all of the courtesies that could be extended from this side of the bench are yours this morning, Senator Bennett. We are mighty happy that you have an interest in this bill. We shall look forward with interest to your testimony, sir.

STATEMENT OF WALLACE F. BENNETT, A UNITED STATES SENATOR FROM THE STATE OF UTAH

Senator BENNETT. Mr. Chairman, having been sitting on that platform many times and watched witnesses at this table, I think it is an experience to change seats and be talking up instead of down, for a change. I have a statement here that will take about 5 or 6

minutes to read, and then I should like to present an amendment for the consideration of the subcommittee.

Senator FREAR. Very well.

Senator BENNETT. Mr. Chairman, as we consider extending the Defense Production Act for another 2 years it seems to me we should give special attention to one of the major problems facing our mobilization effort. I refer to the problem of industrial dispersal. Industrial dispersal is essential to the protection of our mobilization base with which this act primarily is concerned.

For some time now we have had a national policy of industrial dispersal. Considering the problems inherent in any such program, not the least of which has been public apathy, I think it has gone pretty well. I do not feel, however, that the time has come for Congress to make a declaration of policy in connection with industrial dispersal, and I am submitting for the committee's consideration an amendment to the Defense Production Act for that purpose.

The amendment, if adopted, would become a part of the declaration of policy of the Defense Production Act and would be aimed at protecting the mobilization base, which is the heart and soul of the act. The amendment would not require existing facilities to be dispersed. It would require all executive agencies and departments to apply, to the greatest practicable extent, the principle of dispersion in locating all new industrial facilities in which the Government renders financial assistance. This means that while we recognize the impracticability and undesirability of dislocating existing industry, we do not intend to use Federal money to aid in the construction of new industrial facilities which, when placed near existing industry, seriously add to our vulnerability to enemy attack.

As an indication of what might happen to this Nation in case of attack, here are some interesting facts:

Sixty percent of America's industrial production lies in a heartland running from Illinois to lower New England. With the fallout problem being what it is, this entire area could be blanketed with destruction. Similarly, 45 percent of this Nation's industry is within range of submarine-launched missiles. Further, 77 percent of the Nation's total coke capacity, 82 percent of our iron capacity, 73 percent of our ingot capacity, are contained within 10 districts. One H-bomb exploded near the center of each district would severely damage these vital capacities. Only two of these H-bombs would be required to take out one-third of the Nation's total steelmaking capacity. Four H-bombs could destroy more than 40 percent of our petroleum refining capacity, and 46 percent of our petroleum chemistry plants. In the Great Lakes region, for example, are to be found 47 percent of the Nation's electrical machinery manufacturing and 40 percent of the nonelectrical machinery production. Saturation nuclear bombing of this area could prove disastrous for dependent industries.

Examples might be multiplied. I realize, of course, that there are practical limits on dispersal. My concern is, however, that we do all we can. Certainly, a minimum contribution to dispersal would be to steer new critical facilities in which the Government has a financial interest into areas where we would not be pyramiding vital industries.

It should be noted at this point that my amendment as presently worded would not disrupt existing laws which govern procurement policies such as those dealing with small business.

I believe these are adequate safeguards which when applied still leave ample opportunity for the program of industrial dispersal to be effectively implemented.

While it is true that the executive has a program of industrial dispersal, I believe Congress should share in this program by affirmatively stating its policy with regard to industrial dispersal. Our failure to do so in the past has, in my opinion, reduced the effectiveness of the executive's efforts in this regard.

If we are subjected to atomic attack, the retaliatory and recuperative powers of our people and industry will be of prime importance. I need not recite to the committee the remarkable technological advances being made by the Soviet Union—or at least which they claim they are making—but they serve to underline with unparalleled urgency the problem of defense. Dispersal is only a part of the answer to this challenge, but it is an integral part. I believe our defense and mobilization program would be greatly strengthened by adopting this amendment and hope my colleagues will support this proposal.

Now, Mr. Chairman, I should like to submit the amendment at this point, which is to be inserted at the end of the present statement of policy after line 10 on page 1 of this blue-covered booklet containing the existing act. There is a statement of policy in black type at that point.

Senator FREAR. Yes.

Senator BENNETT. This amendment would follow at the end of that, to suggest the importance of the program I have tried to outline as part of the basic Defense Act policy.

Senator FREAR. Did you present a copy of your proposed amendment?

Senator BENNETT. I have the amendment here.

Senator FREAR. The reporter has a copy?

Senator BENNETT. The reporter has it.

Senator FREAR. Without objection, it will be made a part of the record at this point.

(The document referred to follows:)

[S. 3407, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. BENNETT to the bill (S. 3407) to extend the Defense Production Act of 1950, as amended, and for other purposes, viz: On page 1, after line 10, insert the following new section:

SEC. 3. Section 2 of such Act is hereby amended by inserting at the end thereof the following new paragraph:

"In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States. In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act, each department and agency of the Executive Branch shall, under the coordination of the Office of Defense Mobilization, apply to the greatest practicable extent consistent with existing law, the principle of the geographical dispersal of such

facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities."

Senator FREAR. Would your amendment call for moving existing plants and industries from their present location, Senator?

Senator BENNETT. No.

Senator FREAR. I would apply primarily to new construction and new facilities?

Senator BENNETT. New facilities in which Federal money and Federal assistance is involved. It would require the agencies setting up new facilities with the aid of Federal funds to take their vulnerability into consideration and, if necessary, locate them outside of existing concentrations.

Senator FREAR. Senator, I do not know if you have read the hearings before the Joint Committee on Defense Production on April 11, Dr. Flemmings' testimony before that committee?

Senator BENNETT. No, I have not.

Senator FREAR. I am sure you will find it quite interesting, especially the testimony that appears on page 58 and thereafter. Since Dr. Flemming will be the next witness I have no doubt that his views will be brought out. I think he will go along as far as he can with your suggestion. At least he will give us the advantage of his thoughts on it.

Senator BENNETT. Mr. Chairman, the reason I asked to be put on ahead of Dr. Flemming was that he might have my statement before him when he testified and when you questioned him. That is all, Mr. Chairman.

Senator FREAR. Thank you.

I am sorry Senator Bush has not arrived as yet, Senator Bennett, but knowing that you sit rather close together in the committee, he can be brought up to date on it when he arrives.

Senator BENNETT. That is right.

Senator FREAR. Will you stay with us as long as you can, before going to your next committee?

Senator BENNETT. I would like to stay here for a little while unofficially.

Senator FREAR. Dr. Flemming.

Dr. Flemming is the Director of the Office of Defense Mobilization and has kindly consented this morning to permit the Senator from Utah to present his testimony first. Doctor, we are always happy to have you before this committee and to hear an expression of your views and opinions. We are greatly encouraged by the work that you are doing and we are also interested, to the extent even at times of disagreement, in being educated and learning of this very important problem. So we are mighty happy to have you here, Dr. Flemming.

STATEMENT OF DR. ARTHUR S. FLEMMING, DIRECTOR, ACCOMPANIED BY CHARLES H. KENDALL, GENERAL COUNSEL, OFFICE OF DEFENSE MOBILIZATION

Dr. FLEMMING. Thank you, Mr. Chairman. I am very happy to have the opportunity of appearing before the committee in support of the President's request for a 2-year extension of the Defense Production Act.

Senator FREAR. Dr. Flemming, I have not read your testimony as it has been drawn up in advance, but would you also care to comment on S. 2879, Senator Bennett's bill, as well as S. 3407, at the proper time?

Dr. FLEMMING. Mr. Chairman, I think right at this point following Senator Bennett's presentation I would like to say this: In Senator Bennett's statement there is included this paragraph:

> While it is true that the Executive has a program of industrial dispersal, I believe Congress should share in this program by affirmatively stating its policy with regard to industrial dispersal. Our failure to do so in the past has, in my opinion, reduced the effectiveness of the Executive's efforts in this regard.

I would like to say that I support enthusiastically the point of view expressed by Senator Bennett in that particular paragraph. I feel that the amendment he has proposed to the Defense Production Act would accomplish the objective that he has set forth so effectively in that paragraph.

Senator FREAR. And you support that objective?

Dr. FLEMMING. I do.

Mr. Chairman, I have had the feeling for a considerable period of time that if we are going to make substantial and intelligent progress in dealing with this very important problem, that it is necessary for the executive branch and the legislative branch to work as partners in connection with it. I feel that if through the medium of this amendment that Senator Bennett has proposed the elected representatives of the people express their own convictions relative to the importance of this problem, it will make whatever work we do in that particular area much more effective than would otherwise be the case.

Senator FREAR. You are in close cooperation with the executive departments and I assume your enthusiastic support is also shared by the executive branch.

Dr. FLEMMING. I assume, Mr. Chairman, in that particular instance I am reflecting the point of view of other departments in the executive branch that are concerned with this problem. I assume that because it is a matter that we have discussed quite often.

As Senator Bennett knows, in hearings before a subcommittee of the Senate Armed Services Committee a little over a year ago, I outlined a procedure designed to achieve a similar objective. Actually I would like this proposal better than my proposal because I think it would accomplish the objective much more rapidly, namely, the objective of putting the Congress back of this particular program; so I am very much for it.

Senator FREAR. Thank you.

Dr. FLEMMING. I would be very glad to respond to any additional questions that either you or Senator Bennett might have on that, before I proceed with the main body of my testimony.

Senator FREAR. Senator Bennett is now on the other side of the rostrum here. Certainly the courtesy is extended to him to ask Dr. Flemming any questions he desires.

Senator BENNETT. Thank you, Mr. Chairman.

Dr. Flemming, is there any real administrative block to the operation of the dispersal program? Need there be any?

Dr. FLEMMING. No. I think the answer to that is no. I do not think of any, as far as operations within the executive branch are

concerned. My feeling all the way along, as you know, has been that if we are to make progress in this direction it will be because of a growing realization on the part of the people of the country, particularly the leaders in the field of business and industry, who have responsibility for making decisions as to where plants are to be located, that this is a serious problem and one which we should come to grips with in an intelligent way. I like very much the tenor of your statement because its emphasis is on new construction, and I think that is the only practical way of approaching it. Also I like it because it emphasizes the fact that another objective we have to keep in mind is an effectively functioning urban economy. In other words, we cannot be dogmatic about this and move in and disrupt our urban economy in order to achieve the objective of dispersal. But I have felt if the objective is kept in mind by those who have responsibility in and out of Government for either locating or influencing the location of new plants, and is given real weight, that of necessity we would get more and more decisions which would be in harmony with a policy or a program of dispersal.

The more progress we make in that direction, the more effective a deterrent it becomes. I like to look at it that way.

Senator BENNETT. It is also a type of insurance, because assuming the terrible catastrophe that might come in the event of a sneak nuclear attack that might knock out some of the vital centers at present, we have got to be able to pick up the production program, not only for retaliation, but in order to maintain ourselves.

Dr. FLEMMING. That is right.

Senator BENNETT. In the face of that kind of a situation.

Dr. FLEMMING. That is right. And I feel the more we do along that particular line, the more effective a deterrent we have to the possibility of that kind of an attack. Of course, this policy and the objective that you have in mind is reflected in the new—I think it is referred to as the industrial mobilization policy of the Air Force, the one that issued some months ago—a policy which I personally feel is in complete harmony with all of the objectives we are keeping in mind in the defense mobilization field, and a policy which it seems to me makes very good sense. That policy, as I read it, is in complete harmony with the proposed amendment to the Defense Production Act which you have suggested here this morning.

Senator BENNETT. Dr. Flemming, when you and I talked about dispersal—and I am trying to reach into your mind to see if your interpretation of the idea is the same as mine—we are not talking about moving 10 miles or 20 miles outside of the city limits of a present industrial center; we are talking about getting new facilities into areas sufficiently distant so that they would not be hit by the same bomb or the same type of area bombing. Am I correct in that?

Dr. FLEMMING. That is certainly in many instances the desirable objective to be achieved, particularly as far as certain types of facilities are concerned. Again that is just exactly, as I understand it, what the Department of the Air Force had in mind in connection with the air policy. For example, they talked about the desirability of avoiding concentrated production of all of their facilities in one location. They would like to have at least two sources of supply, and at least one of those sources of supply should be dispersed.

When they talk about dispersal they do talk about getting far enough away so we have a reasonable chance of continuing production if there should be an attack.

I think, Senator Bennett and Mr. Chairman, it might be desirable for me at this point just to refer to portions of the dispersal policy that I issued as Director of the Office of Defense Mobilization on January 11 of this year, and possibly insert the entire policy in the record at this point, if that is agreeable.

Senator FREAR. I think it would probably be an answer to the question if we have it inserted now.

Dr. FLEMMING. Yes.

Senator FREAR. Without objection, that will be done.

(The document referred to follows:)

I–Gen–DMO–19
JANUARY 11, 1956.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF DEFENSE MOBILIZATION

DEFENSE MOBILIZATION ORDER–I–19

Subject: Dispersion and protective construction—policy, criteria, responsibilities.

By virtue of the authority vested in me pursuant to the National Security Act of 1947, as amended; Reorganization Plan No. 3, effective June 12, 1953; and the Defense Production Act of 1950, as amended; the following policy, criteria, and assignment of responsibilities for dispersion and protective construction are promulgated:

1. *Policy.*—It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities.

2. *Criteria.*—

a. The distance of a facility from the probable area of destruction is the controlling factor in reducing the risk of attack damage to such facility. In determining the appropriate distance consideration will be given to all relevant factors, including:

(1) The most likely objects or targets of enemy attack, such as certain military, industrial, population, and governmental concentrations.

(2) The size of such targets.

(3) The destructive power of a large yield weapon or weapons suitable to the particular target.

(4) The gradation of pressures and thermal radiation at various distances from an assumed point of detonation.

(5) The characteristics of the proposed facility, including underground and built-in protective construction features, with respect to its resistance to nuclear, chemical, and unconventional weapons.

(6) The degree of damage which a facility could sustain and still remain operable.

(7) The ground environment or natural barriers which might provide added protection to the facility.

(8) The economic, operational, and administrative requirements in carrying out the function for which the facility is to be provided.

b. While no single distance standard and no single set of protective construction specifications against nuclear, chemical, and unconventional weapons are feasible for all situations, the above factors will be applied so as to achieve the most protection practicable for a specific situation.

3. *Responsibilities.*—

a. All departments and agencies of the executive branch of the Federal Government are responsible for adherence to the policy and criteria herein set forth

with respect to programs under their control. Without limitation, specific reference is made to the following:

(1) All agencies: (*a*) Programs for minimizing the vulnerability of the mobilization base (DMO–I–4, par. 17); (*b*) consideration of dispersed location and protective construction in the review of application for tax amortization (DMO–III–1, pars. 4 and 5; DMO–VI–4); (*c*) application of dispersion standards to facilities of the executive branch, in accordance with policy and standards issued by Director, Office of Defense Mobilization.

(2) Department of Defense: Pregrams for maximum use of dispersed plants, and development of standards for strategic locations and physical security (DMO–I–12, par. 2, g, h, and o).

(3) Department of the Interior: Programs for continuity of production of certain assigned industries (DMO–I–13, par. 2, j).

(4) Department of Agriculture: Programs for operation of vital food facilities (DMO–I–9, par. 2, h).

(5) Department of Commerce: Programs for dispersion and continnity of production (DMO–I–8, par. 2, g, and h).

(6) Federal Civil Defense Administration: Development and coordination of plans and programs for the reduction of urban vulnerability (DMO–I–18).

b. The Department of Commerce (Office of Area Development) is responsible for providing guidance and assistance to departments and agencies of the Federal Government, to industry, public and private persons and organizations including local dispersion committees, in the application of the policy and criteria contained herein.

(1) By agreement between the Department of Defense and the Department of Commerce, Department of Defense will provide guidance on certain industrial and other nonmilitary projects in which it has a direct and special interest.

(2) The Department of Commerce may make similar arrangements with other departments and agencies to provide guidance on projects in which they have a direct and special interest, provided that reasonable safeguards to assure consistency and uniformity in the application of the policy and standards are maintained.

(3) The Department of Defense is responsible for the application of this policy to military projects without consultation with the Department of Commerce, but with due regard to the location of other vital facilities and plans for reduction of urban vulnerability as developed by the Federal Civil Defense Administration.

c. The Federal Civil Defense Administration, responsible for the development and coordination of plans and programs for the reduction of urban vulnerability, is responsible for integrating at the metropolitan target zone level dispersion actions with all other measures which can make urban areas less attractive targets. It is also responsible for promulgating construction standards and specifications for the protection of persons and property from nuclear and unconventional weapons effects. The Department of Commerce and all others concerned will be governed by such standards in rendering the guidance and assistance described in paragraph b, above.

4. *Rescisions.*—This order supersedes the dispersion policy statement of August 10, 1951.

5. This order is effective immediately.

OFFICE OF DEFENSE MOBILIZATION,
ARTHUR S. FLEMMING, *Director.*

Dr. FLEMMING. Right along that line, in connection with the question Senator Bennett just addressed to me, this policy says:

It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities.

Then we say:

The distance of a facility from the probable area of destruction is the controlling factor in reducing the risk of attack damage to such facility. In deter-

mining the appropriate distance consideration will be given to all relevant factors, including:

(1) The most likely objects or targets of enemy attack, such as certain military, industrial, population, and governmental concentrations.

(2) The size of such targets.

(3) The destructive power of a large yield weapon or weapons suitable to the particular target.

(4) The gradation of pressures and thermal radiation at various distances from an assumed point of detonation.

(5) The characteristics of the proposed facility, including underground and built-in protective construction features, with respect to its resistance to nuclear, chemical, and unconventional weapons.

(6) The degree of damage which a facility could sustain and still remain operable.

(7) The ground environment or natural barriers which might provide added protection to the facility.

(8) The economic, operational, and administrative requirements in carrying out the function for which the facility is to be provided.

b. While no single distance standard and no single set of protective construction specifications against nuclear, chemical, and unconventional weapons are feasible for all situations, the above factors will be applied so as to achieve the most protection practicable for a specific situation.

I think, Mr. Chairman, that that sets forth the philosophy that underlies our existing policy. In other words, what we are saying there is in effect that you have to look at this on a case-by-case basis, and you have to make the most intelligent analysis of the situation that you can, taking into consideration the facts of life as they confront us at the present time.

Senator Bennett is correct in saying that we have abandoned any effort to apply the so-called nationwide mileage criteria, such as 10 miles, or 15 miles, or anything of that kind. We feel you have to take a look at it on a case-by-case basis and make the best decision you can in the light of all the facts surrounding that particular case.

Senator BENNETT. May I proceed for a minute?

Senator FREAR. Yes.

Senator BENNETT. The Air Force has adopted a program which you have already discussed. If this amendment were written into the policy section of the bill and became an expression of the policy of Congress, do you believe that other agencies, specifically the other defense agencies, and possibly the Atomic Energy Commission, would be apt to follow the lead of the Air Force more quickly?

Dr. FLEMMING. I think that might very well happen.

Senator BENNETT. Are there any other ways by which it could be applied?

Dr. FLEMMING. I think, Senator Bennett, that if the Congress should adopt this particular amendment and then if we take that along with the overall policy statement to which I have just referred and which we have issued, and then if we follow through on that with the various departments and agencies and get them to work out specific policy statements within the framework of the congressional statement of purpose and within the framework of the Defense Mobilization order, I believe we could begin to make some substantial progress in the right direction.

Senator BENNETT. I think that is all the questions I have.

Senator FREAR. Doctor, along that line, about what percentage would Senator Bennett's proposal cover of this change in present location of defense industries?

Dr. FLEMMING. Mr. Chairman, as I understand Senator Bennett's proposal it does not apply to any existing plants at all. If the Congress should adopt an amendment of this kind it would be a statement of policy on the part of the Congress relative to new construction only, and would not be applicable to existing construction. That is likewise true of the Office of Defense Mobilization policy to which I have just referred. We apply it only to new construction. It does not apply to existing construction. There is no thought of trying to move plants that are already in existence.

Senator FREAR. I think I have misunderstood the previous policy of the Office of Defense Mobilization. I thought wherever it was feasible to relocate a present defense industry that you were also giving due consideration to it, if not actively supporting it.

Dr. FLEMMING. You see, Mr. Chairman, if I can go back just to the first few words of this policy statement, it reads:

> It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located—

and so on. As I understand Senator Bennett's amendment, that is completely in line with what I have just read.

Senator BUSH. Mr. Chairman, may I ask a question?

Senator FREAR. Senator Bush.

Senator BUSH. I am sorry I was a little late and did not get here at the start of the hearing, when my good friend espoused this amendment.

Senator FREAR. I think the members of this committee understand the rigorous schedule the Senator has to follow.

Senator BUSH. Naturally this is of very considerable interest to my section of the country. I would like to ask this question: Take a plant like the Sikorsky plant, which has just been developed at Stratfield, north of the Housatonic River, where the Merritt Parkway crosses the river. It is very familiar to the people traveling that way. It is a brandnew plant which just opened last autumn. They employ about 4,000 people, but they have plans for doubling the size of that plant. They make helicopters only. I think they serve some branches of the armed services. I am not sure whether they serve the Marines as well as the Army, and so forth, and the Navy too. It is one of the big plants, though, and they intend to double it as time goes on. Yet this amendment says, "in the procurement of goods and services." Does that mean henceforth in the procurement of goods and services that Sikorsky is going to be limited to what it can turn out in its present plant? That it cannot go ahead if it builds up its facilities for providing this very unusual vehicle, the helicopter, and as it attains great expertness through research and development and from practice, and builds up its competence? Does this mean it is going to be restricted by an amendment of this kind so that it cannot go ahead and expand its services to the United States?

Senator BENNETT. No. I think it means this: Let us assume that the Government decides they need twice as many Sikorsky helicopters. The Department's position would be to encourage or maybe require Sikorsky to put the plant which would double their capacity at a place far enough away so that one bomb would not put Sikorsky out of business. There would still be another Sikorsky plant making the same

machines. Certainly it would not prevent them from operating their present plant or expanding it in the completely narrow sense. One of the things that we face is the risk that, if the Sikorsky helicopter is as vital as it is, we can be wiped out of Sikorsky helicopters with one bomb. If they decide that additional facilities are necessary for a doubled capacity, the Department would want to take all of the factors into consideration and be free to say to Sikorsky, "We prefer that you do not double your capacity here, but that you go into North Carolina, or Arkansas, or somewhere else, or into some area behind the concentrated area, to give us the added protection of distance."

I think that is the effect of it.

Senator FREAR. It is only effective where the Government has money directly involved.

Senator BENNETT. Where the Government supplies credit or amortization.

Senator BUSH. In your language it says "procurement of goods or services."

Senator BENNETT. May I have one of the copies?

In the rendition of any Government financial assistance for the construction and expansion * * *

The Government is giving financial assistance in the procurement of goods and services.

Senator BUSH. Certainly the first act of assistance is to place the order.

Senator BENNETT. I do not think that is the effect of the amendment.

Senator BUSH. It is certainly broad enough to cover that.

Senator BENNETT. If the Government supplies the credit on which it is done.

Senator BUSH. In all these contracts, unless the situation is changed—and I must say I am not up to date on it—but I believe all of these contracts provide a very large measure of Government credit to carry these fellows along. The business is too big to do otherwise. Advance payments are the rule, I believe, unless it has been changed very, very recently.

Senator BENNETT. The effect of the amendment would be to give the administrative purchasing departments the right to look at the situation and decide whether the interests of the national defense require the expansion to be placed somewhere else.

Senator BUSH. Do they not have that privilege at the present time? Is there anything to inhibit them and keep them from doing that right now?

Senator BENNETT. Maybe Dr. Flemming can answer that.

Dr. FLEMMING. The answer to that is "No." There is not anything to prevent them from doing it. Senator Bush, before you came in I had commented on Senator Bennett's testimony in his presentation of this amendment. In commenting on it I called attention particularly to one paragraph in his statement where he said:

While it is true that the Executive has a program of industrial dispersal, I believe Congress should share in this program by affirmatively stating its policy with regard to industrial dispersal. Our failure to do so in the past has, in my opinion, reduced the effectiveness of the Executive's efforts in this regard.

I indicated I concurred in Senator Bennett's comments on that particular point. I do feel this question of industrial dispersal is an im-

portant one, and it is a complex one for the very reasons you have indicated. I do feel that the executive branch of the Government and the legislative branch of the Government should be working along together on it. I feel that on the whole we will get a better acceptance of the concept if the people of the country feel that the elected representatives of the people also feel this is a matter which should be weighed and which should be given consideration in arriving at these determinations.

I think, coming to your specific question or situation, the important thing to keep in mind is, as Senator Bennett has indicated, that if they were confronted with the necessity of a major expansion in order to provide additional production, the Air Force might very well say to them, "One of the factors we want to take into consideration—maybe it cannot be the controlling factor, but we want to take it into consideration—is the desirability of having more than one source of supply; and where we have more than one source of supply, to have at least one of those at a reasonably dispersed point." I might get Ohio into this, too. But as I indicated before you came in, I felt that the Air Force, in a recent policy statement, had approached this in a very fine, well-balanced, way. We cannot be extreme on it either way, as I see it I have taken this position consistently: That dispersal as an objective cannot be the only objective that can be taken into consideration. I have stressed a great many times my own feeling that one of the objectives we have to keep in mind in this country at all times is an effectively functioning urban economy.

If we permit the objective of dispersal to undermine our effectively functioning urban economy, then in terms of our total strength we have not accomplished anything. Probably we have weakened ourselves. For example, I gave to the committee, Senator Bush, before you came in, the criteria which I set forth in an Office of Defense Mobilization policy statement on this point, which I felt should be taken into consideration. The eighth criterion is:

> The economic, operational, and administrative requirements in carrying out the function for which the facility is to be provided.

I feel that that is a factor which has got to be weighed along with the other factors.

Senator Frear. Is it not also true that in the dissemination of industry you have to take into account perhaps the availability of the raw materials or water power, or electricity, or other features that are inherent in the production processes of the particular industry?

Senator Bush. As well as the skilled labor supply and the experience factor, and other things.

Dr. Flemming. Yes. That is what went into the eighth criteria. I said, "The economic, operational, and administrative requirements." They include the type of question you have in mind. The thing we have been pleading for is not that people should just become dogmatic and say, every new plant has to be dispersed, and so on. But it should be a factor that is weighed and given serious weight and serious consideration before a final decision is made.

As I understand Senator Bennett's amendment it is in complete harmony with that spirit which has motivated our approach to the dispersal problem. I think we should all be in agreement on the fact that in this kind of a world, dispersal is a factor that certainly should not be completely ignored by this country. That is one extreme.

The other extreme would be that the only thing that went into the final conclusion—I mean, the only consideration that entered into the final conclusion on the location of a plant is dispersal. Neither extreme makes sense. Either to ignore it or give it conclusive weight. But somewhere in between is a middle ground which it seems to me our country ought to be occupying. In other words, we should not ignore it. We should take it into consideration. We should give it serious consideration, along with all of the other factors one has to consider in locating a plant.

Senator Bush. May I ask this, Dr. Flemming: Is it not true, though, that you have, over recent years, been giving it serious consideration and using a great deal of discretion in connection with this matter and been effecting dispersal actually just by proper administrative procedures?

Dr. Flemming. That is correct, Senator Bush.

Senator Bush. That has been my observation, that you have been.

Dr. Flemming. That is correct. And the reason why I mentioned Senator Bennett's proposed amendment is that it would mean that the legislative branch and the executive branch would be partners in this particular operation. In other words, if this amendment were adopted—let me put it this way: If this amendment were adopted I would see no reason for changing the basic policy statement on dispersal that I issued in January of this year. I think the two are in harmony with one another. But the Congress would be saying to the people of the Nation, "We agree with the executive branch that this is something of vital concern to the security of this Nation, and something that citizens should consider."

Senator Bush. I am certainly not out of sympathy at all with the question of dispersal, and anyone with eyes to see can see the advantage of it.

Dr. Flemming. That is right.

Senator Bush. I have been very much impressed with the fact that the armed services have shown a great deal of discretion in that particular, to wit, that we have important installations from coast to coast, and up and down the coast of the Pacific as well as the Atlantic, and in the interior part of the country. There is a tremendous amount of dispersal in almost every element of our production in connection with defense. Therefore, it rather alarms me to see this kind of thing coming along as though there were some new urgency for hastening dispersal and laying great emphasis on the fact that we have to build more Government plants and place more Government orders in other areas than where they are now being placed.

I am disturbed about it because the economy in certain parts of our country, such as that in which I live, is geared to this kind of policy and this kind of situation. This type of resolution, I believe, can be considered a threat to the economic and social security of an area like ours. I do not like to see this additional emphasis placed on the matter.

I have a great deal of confidence in the discretion of the Office of Defense Mobilization and the armed services in connection with this matter. I think they have acknowledged the situation very wisely indeed.

Dr. Flemming. I appreciate that. I would like to say, Senator Bush, I am sure our approach from an adminstrative point of view

to the problem would be the same as it has been if the Congress should see fit to adopt Senator Bennett's amendment, but it would, I feel, put us in a stronger position, because the executive and the legislative would be working hand in hand to underline the point you have made. It is a point we have tried to keep in mind, and I have pointed out there was a time in the history of the dispersal policy of this Government when there was a so-called mileage standard that was applied. It was 10 miles. You identified the area of industrial population concentration and drew a line around it and went 10 miles beyond the perimeter. We have abandoned any idea of a mileage standard because we know it is not practical or feasible and you cannot have a nationwide mileage standard.

Frankly, in considering that, New England loomed very large in our thinking. So we have said that the only thing you can get anywhere with this now under present conditions is to take it on a case-by-case basis, weighing all of the factors, and arrive at the best decision you can arrive at. I feel Senator Bennett's amendment would not change that one iota. We would continue to do it on a case-by-case basis. But I think from the standpoint of the whole area of nonmilitary defense it would be a very encouraging and wholesome thing if the Congress in effect said, "We also believe that this is a factor that should be taken into consideration."

I think if the Congress says it, Senator Bush, it becomes a more effective deterrent in terms of its impact on our possible enemy. So I do not think that the adoption of an amendment of this kind should be any cause for alarm on the part of the areas that are faced with the type of problem your area is faced with. As you can appreciate, there are others, like the Los Angeles, Calif., area. I do not think it should be the basis for alarm at all, but we should go ahead and administer the policy just the same as we are at the present time. But the people will know we are doing something that the Congress not only acquiesced in, but had some conviction in.

Senator BENNETT. That it approved of. Dr. Flemming, while you are reading that, may I say actually with each expansion of the destructive capacity of weapons; with the coming of the H-bomb and then its cobalt variations—and I am not an authority on those—and with the development of these long-range guided missiles it seems to me there is increased urgency as compared with 5 years ago, just as it becomes necessary for us to abandon the limited mileage concept in the face of an increased urgency, because those orginal limited mileage figures no longer have any meaning in today's situation.

Dr. FLEMMING. That is correct.

Senator FREAR. Doctor, are there any of the other departments of the Defense Establishment, other than the Air Force, that have a policy of dispersal?

Dr. FLEMMING. Mr. Chairman, they have written into their policies the provisions, for example, of a maintenance of the mobolization base order that I issued as Director of the Office of Defense Mobilization possibly 18 or 19 months ago, which identifies dispersal as one of the factors to be taken into consideration in the placement of orders and in the placement of new plants. That ODM order in turn has been incorporated in parallel orders of the Army and the Navy and then, of course, has been reflected more recently and in more detail in the

Air Force policy. In other words, the ODM order is binding on the Department of Defense.

Senator FREAR. But the Air Force is the only department which has actually set a policy of their own in accordance with, I suppose, your ODM order?

Dr. FLEMMING. Let us put it this way: It is the only service which spelled out this policy in as much detail as they have.

Senator FREAR. If there is no objection on the part of any members of the subcommittee I would like to have the Air Force policy and a Department of Defense directive on the subject of dispersal made a part of the record at an appropriate point.

Dr. FLEMMING. I think that would be a very good thing, Mr. Chairman. I am sorry I do not have a copy with me.

(The documents referred to follow:)

DEPARTMENT OF DEFENSE,
OFFICE OF PUBLIC INFORMATION,
Washington 25, D. C. December 28, 1955.

No. 1226–55

AIR FORCE ANNOUNCES NEW POLICY ON INDUSTRIAL PRODUCTION READINESS

The Air Force today announced a new industrial production readiness policy that will bring the production planning effort in line with operational concepts.

This new policy recognizes the impact that nuclear weapons and long-range delivery vehicles have on planning for industrial support of military forces, thus placing greater emphasis on readiness for this type of war than on the traditional concept of a prolonged industrial build-up after war starts.

Recognizing emergency conditions under which industry will be required to accelerate production in the event of an emergency, two special planning concepts are outlined in the policy. The first is the production compression concept which is designed to achieve delivery to the Air Force of every possible piece of equipment which would be critical during the early weeks of a general war. The second is the production acceleration concept which is designed to provide a capability for rapidly accelerating production of selected weapons that would be critical in a local war.

To achieve an industrial complex that can rapidly respond to production needs in an emergency, the Air Force plans to concentrate available resources on its most important weapons and supporting systems.

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, November 23, 1955.

Memorandum for the CHIEF OF STAFF, USAF
Subject: Air Force Industrial Production Readiness Policy

A. WHAT THIS DOCUMENT DOES

This document prescribes the policy for establishing and maintaining industrial production readiness to insure that current and emergency missions of the Air Force are accomplished. It supersedes the Air Force production reserve policy dated June 17, 1953.

B. WHY INDUSTRIAL READINESS IS ESSENTIAL

Continuous technological advancement along with shifting international political and military power have dictated radical changes in our national strategy. Therefore, a new approach to industrial support of our military forces in a national emergency is essential. This new approach is essential because, for the first time in modern history, our Nation is faced with a continuing potential threat of devastating destruction at the outset of general war. If, in an emergency, we are to survive and minimize the devastation to our Nation,

the traditional concept of a prolonged industrial buildup after attack must be replaced with a "readiness" program.

C. WHAT INDUSTRIAL READINESS WILL DO

1. Deter war by maintaining a modern Air Force in being that can immediately defend the Nation and retaliate in case of attack.

2. Make us capable of rapidly expanding production of appropriate weapons in case of involvement in peripheral conflicts or expansions short of a general nuclear war.

3. Improve industry's ability to maintain or rapidly restore production of critical survival and retaliation weapon systems and related support commodities in case of general war involving severe industrial damage.

4. Maintain the health of the aircraft industry as necessary to fulfill the needs of the Air Force.

D. SELECTIVE PLANNING IS IMPERATIVE

Sufficient resources are not available to attain the required readiness for all aircraft, guided missiles, and support equipment. Consequently, to provide a basis and priority system for directing available resources and effort, the following three categories are established: Category A (first priority); category B (second priority); and category C (third priority).

1. *Category A.*—This category will include the most important Air Force weapon systems and supporting systems which warrant special handling and which must be kept in active production under the most austere emergency conditions. Selection will be based upon recommendations of the Air Staff and Air Council, after the following factors have been considered:

(*a*) How critical is the mission to be performed or supported?

(*b*) Performance capacility and versatititly of the system.

(*c*) Current production status and general producibility of the system.

(*d*) How vulnerable is the industrial structure required to produce the system?

(*e*) Current inventory quantity of the system.

2. *Category B.*—This category will include weapon systems and supporting systems included in the Minimum Wartime Aircraft and Guided Missiles Requirements List which have not been designated category A. Under extremely austere emergency conditions, surviving production capacity for this category would be reprogramed to support production of category A systems as required. Category B systems will be kept in production under adverse conditions.

3. *Category C.*—This category includes all remaining weapon systems and supporting systems for which production planning is desirable. Category C systems may not necessarily be kept in production in case of general war involving severe industrial damage. However, capacity for this category could be of great value in rapidly accelerating production during a limited war, emergency acceleration short of general war, and to provide sources that can be reprogramed to support production of the A and B categories in a general war involving severe industrial damage.

4. *Selective Planning List.*—The Air Staff will prepare a Selective Planning List that breaks down the Minimum Wartime Aircraft and Guided Missiles Requirements List into categories A and B. This list will also identify weapon systems and supporting systems assigned to category C. It will be issued during May and November of each year, to be effective for the following 6 months period beginning July 1 and January 1, respectively.

5. *Preferential Planning List.*[1]—Semiannually the Department of Defense Preferential Planning List will be revised, using the A and B categories as the basis for its revision.

6. *Departmental Planning List.*[1]—Departmental Planning List will be revised at the same time, based on category C.

7. *Emergency production schedules.*—Emergency production schedules will be based on guidance and force levels in support of joint war plans, or, in absence of such plans, Air Force unilateral plans. In developing emergency production schedules, planned production should be limited to that which can be utilized in any planned time period. Excessively high, short duration production peak rates

[1] All critical components and equipment which could limit production will be given equal priority with the related system and included on the list with the primary system.

which cause corresponding increases in resources requirements for short periods will be avoided.

8. *Production compression capability.*—This term applies to developing a capability for maximum all-out production of strategic and air defense weapon systems during the initial phases of a general war (i. e., first 60–90 days). Production compression must be planned, so that in an emergency it goes into effect instantly. This immediate increased production can be achieved with workable plans for a maximum workweek and draining the normal inventory of finished components, equipment, and subassemblies on hand in the assembly plant. Even greater potential output is possible by increasing inventory of finished items maintained at the assembly plant. However, this inventory will be increased on a very selective basis—when production status, duration of increased production capability, additional costs, and criticality of the weapon or supporting system warrant such action. The increased inventory will be purchased with directed funds, and it will be consumed as the last increment of aircraft is produced under the current program. In developing production compression plans, the following general conditions are to be assumed:

(*a*) The assembly plant will remain intact.

(*b*) No additional personnel will be available during the all-out production period.

(*c*) No support from Government-furnished aeronautical equipment producers, subcontractors, or vendors during the period.

(*d*) Loss of all except local transportation facilities.

(*e*) Communication facilities limited to high priority messages.

9. *Production acceleration capability.*—This term applies to developing capability for rapidly accelerating production of tactical or supporting systems to a predetermined peak rate in the shortest possible time. Rapid acceleration can be accomplished by maintaining readily expansible production capability and increasing the inventory of finished and semifabricated materials at prime, associated, and subcontractor facilities. This capability must be created in advance of an emergency so that it can go into effect immediately.

(*a*) The increased inventory of materials will be purchased with directed funds. It will be consumed as the last increment of aircraft is produced under the current program.

(*b*) Production acceleration will be applied on a very selective basis dependent upon production status, duration of increased production capability, additional costs, and criticality of the weapon system or supporting system mission.

(*c*) Production acceleration plans will be of greatest value in the event we are involved in limited wars of peacetime expansion.

E. HOW INDUSTRIAL READINESS WILL BE ACHIEVED

The required readiness will be achieved when the Nation's industry can respond immediately to vital demands placed upon it in an emergency. To achieve this desired state of readiness will require a long-term Air Force industry program. In implementing the program, the following general policies and specific procedures will apply:

1. *General policies to achieve readiness.*—(*a*) The Air Force will maintain close relationship with industry and trade associations to make sure that emergency production plans are realistic and feasible. Participation, advice, and assistance of industry will be solicited and encouraged.

(*b*) Develop industrial readiness through the normal conduct of Air Force procurement and production business. Future supply contracts for production of selected categories A or B systems will contain provisions assigning to the contractor responsibilities for completing readiness measures and preparation of emergency manufacturing plans.

(*c*) Maintain plans for immediate conversion or expansion of industrial production to meet any emergency. Insure prompt reprograming capability by applying modern statistical or mechanical control methods in the management of product, source, and capacity data.

(*d*) Program special projects, including necessary funds, to attain maximum production readiness of selected categories A and B systems.

(*e*) Emergency production plans will normally include only systems and equipment of proven design which are being procured for the Air Force inventory. Schedules will be evaluated to make sure that objectives are feasible. Industrial

planning for weapons systems and supporting systems will be initiated in phase with their emergence from the development state.

(*f*) Industrial dispersal: Dispersal as used in this memorandum, refers to the geographical distribution of vital defense production and development facilities to avoid concentration of these facilities within target areas, so as to minimize the disruption of production and development in case of enemy attack. The production sources for categories A and B systems will be analyzed to determine vulnerability and adequacy of dispersal. A program will be developed to minimize the loss of production of these systems through dispersal and other measures. The following policies and criteria will govern development of this program:

(1) The obstacles to maximum dispersal, such as cost, social dislocation in existing areas of population, delay of vital defense production and development should be carefully considered in seeking a practical solution to the problem of dispersal.

(2) When multiple sources for an item of material are practical, dispersal will be a key factor in selection of the additional sources. Wherever practicable, this principle will also be applied in the case of multiple sources for subcontract work.

(3) Dispersal will be one of the prime considerations in the location of new facility construction, particularly when furnished at Government expense or with Federal aids to construction. This may not necessarily apply to those new facilities which constitute a desirable, but relatively minor, adjunct to existing defense facilities.

(4) To avoid the excessive cost and the resulting social dislocation attendant on the abandonment of existing production facilities, all facilities in being will be maintained in use as required. Every effort will be made to require the use of existing facilities before new facilities are constructed.

(5) The urgency of dispersal should always be weighed against the urgency of the requirement for timely delivery of the vital product involved.

(6) Consistent with paragraphs (1) through (5) above, the objective shall be to avoid the tendency toward overconcentration of critical defense facilities in target areas.

(*g*) The Air Force will support modernization of Government or privately owned facilities whenever significant savings to the Government and a substantial increase in required defense production capacity can be achieved.

2. *Specific procedures to achieve readiness.*—Basic readiness requirements for each priority category are listed below. However, variable factors and situations will require special evaluation and independent judgment to insure the most effective direction of effort and efficient allocation of resources. To assure a readiness capability, the following production base will normally be developed for each of the three priority categories:

(*a*) Category A:

(1) Establish at least two production sources for weapon and support systems, including subcontractor and vendor sources. To the maximum extent possible, establish at least one source away from highly concentrated industrial areas and major military installations.

(2) Retain at least one source in production, on a sustaining rate, until production of a follow-on model is sufficient to support critical wartime missions.

(3) Develop phased production capacity on an expandable 2-shift, 5-day, 40-hour week basis for primary strategic and air-defense systems; and 1-shift, 5-day, 40-hour week basis for other basic systems.

(4) Production compression capability will be developed for selected strategic and air defense weapon systems or supporting systems, when production status associated costs and mission requirements warrant it.

(5) Production acceleration capability will be developed for selected tactical weapon systems or supporting systems, when production status, associated cost and mission requirements warrant it. Under certain conditions, air defense weapon systems may warrant this action.

(6) Develop plans for emergency production concurrently with current production plans. In developing production plans, emphasize product engineering, tool design, plant layout, subcontracting, manning, facilitation and the ability to convert from current production to emergency schedules as rapidly as possible with minimum disruption of effort.

(7) To establish and maintain a capability for rapid acceleration to emergency peak rates, all required facilities will be provided, from the following:

(*a*) Contractor furnished facilities.
(*b*) Current facilities projects.
(*c*) Equipment in industrial reserve.
(*d*) Special projects.

(8) Analyze the production support structure to make sure that adequate capacity is available to provide component, equipment, subassembly, manpower and materials support of systems at the peak rate.

(9) Develop and maintain current plans as rapidly reprogram alternate production suppport in case attack or other disaster destroys current capacity.

(*b*) Category B:

(1) The basic conditions established for category A will be applied to category B items, except they will be given secondary priority in directing available resources and effort.

(*c*) Category C:

(1) Basic readiness measures will be applied to this category to the maximum extent through normal conduct of procurement and production buiness. Effort, added costs and commitment of resources will be held to a minimum and will be afforded third priority in planning for industrial readiness.

(2) Emergency production requirements will be scheduled with planned producers and firm plans developed to establish or identify required capacity.

(3) Production plans to produce at emergency rates will be prepared by planned suppliers on a voluntary or low-cost basis. Additional facilities required and production elements which limit capactiy to reach peak rates will be identified by planned producers.

(4) Normally, additional facilities required for this category will be furnished after M-day or a decision to accelerate production, from the following sources:

(*a*) Contractor furnished facilities.
(*b*) Remaining industrial reserve facilities.
(*c*) Conversion of commercial production capacity.
(*d*) Production from equipment manufacturers.
(*e*) Special projects may be considered after requirements of the two higher categories have been satisfied.

(5) Production source data for important components, subassemblies, equipment, materials, and vendor items will be maintained on this category, for use as alternate capacity in support of higher priority items in case of general war involving severe industrial damage or disaster.

H. WHEN AND HOW TO IMPLEMENT THIS POLICY

Effective immediately, all programs relating to current and emergency production of weapons and supporting systems will be reviewed and adjusted to conform with this policy. The adjustment is to be accomplished as rapidly as possible, but with due regard to economic considerations and the adverse effects of sudden change.

DONALD A. QUARLES.

NOVEMBER 17, 1955.
No. 5220.5

DEPARTMENT OF DEFENSE DIRECTIVE

Subject: Industrial dispersal.

I. PURPOSE

The purpose of this directive is to prescribe Department of Defense policy with respect to industrial dispersal.

II. DEFINITION

"Dispersal," as used in this directive, refers to the geographical distribution of vital defense production and development facilities to avoid the concentration of these facilities within target areas, so as to minimize the disruption of production and development in case of enemy attack.

III. POLICY

Recognizing the obstacles to maximum dispersal, such as cost, social dislocation in existing areas of population, delay of vital defense production and develop-

ment, the following criteria should be carefully considered in seeking a practical solution to the problem of dispersal:

1. When multiple sources for an item of materiel or development are practical, dispersal will be a key factor in selection of the additional sources. Whenever practicable, this principle will also be applied in the case of multiple sources for subcontract work.

2. Dispersal will be one of the prime considerations in the location of new facility construction, particularly when furnished at Government expense or with Federal aids to construction. This may not necessarily apply to those new facilities which constitute a desirable, but relatively minor, adjunct to existing defense facilities.

3. To avoid the excessive cost and the resulting social dislocation attendant on the abandonment of existing production facilities, all facilities in being will be maintained in use as required. Every effort will be made to require the use of existing facilities before new facilities are constructed.

4. The urgency of dispersal should always be weighed against the urgency of the requirement for timely delivery of the vital product involved.

5. Consistent with the above, the objective shall be to avoid the tendency toward overconcentration of critical defense facilities in target areas.

REUBEN B. ROBERTSON, Jr.,
Deputy Secretary of Defense.

Senator CAPEHART. Mr. Chairman.

Senator FREAR. May I ask one more question on this subject. What advantage taxwise does an industry have by giving effect to dispersal?

Dr. FLEMMING. If there is an open expansion goal, and if they are going to build a facility which, let us say, comes within an open expansion goal, and they apply for a rapid tax amortization certificate, they will not be given that certificate unless they receive advice as to dispersal from the Area Development Division of the Department of Commerce, which is our delegate agency, and unless they follow that advice.

If they feel there are very sound reasons for not following the advice, they can apply to us for an exception, and sometimes we give an exception. But I think it might be interesting to put this figure into the record, Mr. Chairman. If you take the whole history of the issuance of tax amortization certification and then if you take the projects that involve a capital investment of a million dollars or more——

Senator FREAR. $1 billion?

Dr. FLEMMING. A million. $1 million or more. 80 percent of those projects have conformed to the advice given on dispersal in connection with the issuance of tax amortization certificates.

Senator FREAR. What range or what leeway do you have in granting tax amortization? To explain it further, I mean, do you give a 2-year, or a 5-year, or a 20-year tax advantage to an industry?

Dr. FLEMMING. The law provides when we issue a certificate they can write off in 5 years. However, we do have this administrative leeway. We can decide that percentage of the capital investment is to be accorded the tax writeoff privilege. On an average it has run about 60 percent of the capital investment. Altogether, since the beginning of the program, tax amortization certificates have been issued which total around or which represent investments of about $32 billion.

Senator FREAR. That is $52 billion?

Dr. FLEMMING. That is right. Of that $32 billion about $18 billion to $19 billion has been subject to the rapid tax writeoff.

Senator FREAR. You have no authority to change the 5 years but you have authority to change the percentage, or offer that 5-year advantage to a different percentage of the investment?

Dr. FLEMMING. That is right. May I correct my figures? I was a little out of date. The total is $35 billion. That is, the tax amortization certificates represent capital investments amounting to $35 billion, and of that $35 billion we have given a tax writeoff of $21 billion.

Senator FREAR. Senator Capehart.

Senator CAPEHART. Mr. Chairman, I would like to ask unanimous consent to have placed in the record the report that Dr. Flemming made on defense procurement and small business. You remember we wrote into the act last year a rather pointed and specified and an understandable section that they were to give us a report on what was happening to small business with respect to defense procurement. They have made their first report, but I cannot find the date on it, Dr. Flemming.

Dr. FLEMMING. I am not sure.

Senator CAPEHART. I do not believe it is dated.

Mr. YINGLING. It was transmitted to us on March 2.

Senator CAPEHART. But this document I hold in my hand is not dated. However, I would like to ask unanimous consent that it be made part of the record and printed at the conclusion of Dr. Flemming's testimony.

Senator FREAR. Without objection it is so ordered.

(The document referred to appears on p. 54.)

Dr. FLEMMING. Mr. Chairman, do you want me to proceed with my testimony?

Senator FREAR. The chairman of the subcommittee would like to give all of the advantages possible to the Senator from Utah and the Senator from Connecticut. He is enjoying the position that each of them are taking here today. I know the Senator from Utah has to get off to another committee meeting.

Senator BUSH. I have no questions. I would be glad to hear Dr. Flemming continue. But I agree with you, if the Senator from Utah has another engagement I will be glad to yield for that purpose.

Senator FREAR. Thank you. You may proceed, Dr. Flemming.

Dr. FLEMMING. Mr. Chairman, as I indicated at the beginning, I am very happy to appear here to support the President's request as contained in his state of the Union message for a 2-year extension of the Defense Production Act.

I would like to present to you the reasons that I have formerly given to the House Committee on Banking and Currency for believing that the authorities in this act are essential for the carrying forward of both our current and long-range defense mobilization programs.

As the President pointed out in his state of the Union message, the maintenance of a strong and flexible defense program requires that current military and atomic energy programs proceed without interruption and that we have a broad and diversified mobilization base, which will reflect new requirements resulting from changes in technology and strategy.

The statement of policy of the Defense Production Act recognizes both of those objectives and the authorities provided in the various titles of the act are essential to meet them.

Since current and long-range programs are interdependent to a substantial degree I desire to discuss the various authorities now in the act in relation to their utility for each type of program.

The priorities and allocations authority of title I of the act is of great importance to the procurement programs of the Department of Defense and the Atomic Energy Commission.

To maintain the necessary level of defense procurement without interruption during a period when the requirements of an expanding economy for materials and facilities are extremely high, it is necessary to insure a preference for delivery on defense orders.

The defense materials system, as operated by the Department of Commerce under a delegation made under the authority of the Defense Production Act, accomplishes that important purpose by requiring producers of basic forms and shapes of steel, copper, and aluminum to set aside certain percentages of their production for the filling of identified defense orders.

This device also insures the equitable distribution of defense orders among the various producers of basic items and leaves to each producer of such materials a relative share of his production for supplying his customers in the civilian market.

The identified orders of the Department of Defense and the Atomic Energy Commission are given a preference in delivery which applies not only to the basic materials in those set-asides but also to other materials, such as nickel, and to the various components entering into the production of the end item ordered.

However, the use of the priorities and allocations authority is limited to assuring adequate handling of defense orders as required by the act. It does not operate to control the distribution of goods in the defense-supporting and civilian elements of the economy. This is in accord with the spirit of the law as expressed in section 101 (b), which provides that—

> The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

The present limited operation of the defense materials system, in addition to meeting current military requirements, provides us with a readiness measure of extreme importance. It is a mechanism which could be expanded in time of mobilization to provide for the more extensive control of materials in the civilian market which would be required by the sharp increase in defense and defense-supporting orders.

Its current operation insures the maintenance of the requirements-gathering machinery in the producing plants and their suppliers as well as in the Department of Defense and in the Atomic Energy Commission.

Prompt employment of this device for making the most efficient defense use of scarce materials is of great importance in any period of substantial mobilization and increases in value in proportion to the scarcity of materials and capacity. If this country were to suffer an atomic attack, with substantial losses of material and productive capacity, the DMS device would be absolutely essential to the effective utilization of our remaining productive resources for rehabilitation and survival and to wage war.

With respect to the authorities granted by title III of the act, the current programs for the expansion of productive capacity and supply are not so readily separable from the long-range preparedness programs for full mobilization.

Both are designed to make it possible for the Nation's productive machine to produce the volume of goods needed to wage a war with the least possible delay.

In connection with the proposed extension of title III authorities, however, a separate discussion of these programs and of how we expect those powers to be used to meet them might be helpful.

To the extent that the program to provide the Nation with adequate productive capacity deals with facilities producing items in substantial peacetime demand, it can be said that the job is nearing completion.

Of the 227 expansion goals established, only 31 now remain open. It was 32 up to Friday, but we closed 1 on Friday so it is only 31 now.

Combinations of tax amortization assistance and one or more of the forms of assistance authorized by title III will probably be necessary to reach some of the goals, while in other cases some type of preparedness measure may have to be adopted as a substitute for capacity in being.

The use of authorities in the act for preparedness programs designed to reduce the time required to mobilize in the event of an attack was recognized by the 1955 amendments to the act.

We have developed, for example, a program to procure machine tools to round out existing capacity for the production of turbines and turbine gears for ship propulsion. This program is now being rechecked from a requirements point of view before it is actually put into operation. Wartime requirements for capacity for which there is no present peacetime need can be met, as in this case, by the installation in private plants of standby production lines to be maintained by the producer.

We have developed a machine tool pool order program which will permit the Government to enter into contracts now with the producers for production of designated tools on M-day. The contracts will be finalized in advance and production under them can commence on M-day upon a simple notice from the Government.

The authorities in title III and the borrowing authority available under it would be needed to carry out programs of these types.

In the event of an enemy attack on the United States with atomic weapons we could expect that large and critical segments of the mobilization base would be destroyed or damaged.

Rapid restoration of key facilities would be, of course, an essential factor in our ability to wage war and it is clear that substantial assistance from the Government would be necessary.

The authorities presently existing in title III of the act, together with those in title I, could be used to take many important steps to achieve that objective.

Funds, scarce materials, and production equipment could be provided for the most critical restoration jobs.

We feel that one of our unfinished jobs is, in cooperation with the Federal Civil Defense Administration, to determine whether there

are existing gaps in our mobilization base which, if closed now, would expedite survival and rehabilitation operations following an attack.

If such gaps are identified and if they in all probability will not be closed as a part of normal peacetime operations, it may be necessary to use the authorities under this title to deal with such situations.

The funds for expansion programs are made available through the borrowing authority of section 304 of the act.

Of the $2.1 billion authorized by the section, a little over $1.7 billion has been certified for obligation during the 5½ years since the program was initiated. About $400 million remains for future certification.

This balance is adequate for programs now in the planning stage. If in the future an increase is required we shall present that requirement and its justification to the Congress in the ordinary course.

Title VII of the act provides a number of supplementary authorities which are necessary to the exercise of the powers granted in the preceding titles and, in addition, includes two specific authorizations necessary to our mobilization program.

The voluntary agreements authority of section 708 provides a mobilization tool of great importance for current defense and for wartime use.

It authorizes an exempton from the antitrust laws for private parties engaged in combined actions found to be in the public interest as contributing to the national defense.

Under this authority there are in force 23 agreements, 20 of them integration or production committees of the Department of Defense.

Committees consisting of all contractors with the Department for a particular military end item are able, through the exchange of information, techniques and processes, to develop production practices, standardized parts and other devices for achieving a more efficient and uniform products with greater economy.

In accordance with the 1955 amendment to section 708, membership on these committees is being expanded to include standby contractors and other qualified prospective producers. This will result in a broader base of producers with information on the standard production techniques developed through the joint action of the committees.

These committees thus perform a valuable service for current military programs and also provided a broad base for the expansion of production which would become immediately urgent in time of war.

Two other agreements, one dealing with tanker capacity and the other foreign petroleum supply are in the process of amendment as a result of the Attorney General's review of all outstanding agreements as directed by the 1955 amendments.

In each of these agreements the Attorney General found that from the antitrust viewpoint certain modifications were indicated, and after consultations with the interested agencies we were able to work out amendments which would meet his objections and yet provide a mechanism which would serve to achieve the important national defense objectives of the agreements.

Each of these agreements contains the important defense provision for a stepped up program in time of war, a device which would permit the maximum effective use of facilities and supplies covered by the

agreements on a voluntary basis without the necessity for Government allocation.

All of the existing agreements have current and wartime value and in the event of trouble the need for such agreements would undoubtedly increase, probably in more areas than are presently authorized by the law.

The 1955 amendments added a new subsection to section 710 of the act authorizing a program which we believe to be of tremendous importance as a readiness measure—the executive reserve program.

In accordance with the provisions of that subsection and of Executive Order 10660, each agency having mobilization responsibilities is authorized to set up and train a reserve of persons from private life and from Government to fill executive positions in the Federal Government in time of mobilization.

Under this program the agencies will select persons qualified to fill key positions and will secure their agreement, backed up by their employers, to be available for service in the event of mobilization.

Central rosters will be maintained to provide information on the program and to avoid duplication of requests to participate and excessive calls on any single concern.

Reservists will be trained in the operation of the Government as well as in the various mobilization plans of importance to their wartime posts and will participate in test exercises similar to Operation Alert 1955.

The immediate availability of such a reserve, capable and informed, to perform the many urgent administrative jobs would meet one of the most difficult problems of a rapid, full-scale mobilization.

In this connection I should mention the authority to hire consultants and experts on a without-compensation or a when-actually-employed basis.

After its careful review of this subject last year the committee is aware, I am sure, of the importance of these provisions to secure the advice and experience of men from the many segments of the economy with which the mobilization program must deal.

In time of war, those men will be needed to assist in carrying out various parts of that program and many will have to be employed on a similar basis.

While many people from private life, including some of the executive reservists, will be willing and able to serve on a salary basis, others will be unable to do so and we should, of course, be in a position to acquire the services of such people.

The additional statutory restrictions placed on such employment by the Congress last year have had no adverse effects as far as ODM is concerned on our ability to acquire or retain the necessary services.

Senator Bush. Would you pause for a moment? I remember the debate on that issue. What were the additional statutory restrictions that were placed on it? Can you refresh my memory on that?

Dr. Flemming. There were two principal ones. One that these persons are to serve only in a consultant capacity on policy matters; and the other is they are to file with the Federal Register a list of the companies in which they have interests. They do not have to identify the number of shares they own, or anything of that kind, but just a list of the companies in which they have interests.

Senator BUSH. That is very interesting.

Dr. FLEMMING. No. That is right.

Senator BUSH. That is very interesting.

Dr. FLEMMING. To continue:

We have curtailed the number of WOC's on our rolls but that action merely reflects our desire to carry out the necessary administrative processing only with respect to those actively engaged in providing advice to the agency. When and if the occasion should again arise for the services of those previously retained on the rolls in a standby basis, the necessary processing can be done then.

As I have indicated, the authorities now existing in the act are urgently needed for current military and atomic-energy programs, for mobilization-planning activities including an increasing number of preparedness programs and for immediate use in the event of full or partial mobilization.

The scope of these programs and the assumptions upon which they are based clearly indicate that they must be pursued and continuously revised for some time to come—these are not short-range programs.

We believe that the authorities in the act are adequate, for the present at least, and we are requesting no amendments at this time.

We do believe, however, that because of the long-range nature of the programs the act should be extended for 2 years.

The only other change we are requesting is the corollary extension for 2 years of the period of time over which expansion contracts under section 303 may extend.

Mr. Chairman, that concludes the presentation of my testimony in support of the President's request for the extension of the act.

Senator FREAR. Dr. Flemming, I have a rather long list of questions that I think can be answered without too much detail and, if not, the answer can be supplied at a later date. I do not want to take the time of the other members of the subcommittee, but I would be happy if they would participate in this. First, I would like to ask Senator Capehart if he has any questions?

Senator CAPEHART. Not at the moment. No. I prefer to listen to you here.

Senator FREAR. Senator Bush?

Senator BUSH. Dr. Flemming, I introduced this year, on January 5, Senate bill 2857, which is a bill to provide for Federal procurement of materials and supplies in major disaster areas. This is a bill I introduced as a result of the flood disasters of 1955, both in the Northeast and the Northwest. I plan to present this as an amendment to S. 3407.

(The amendment referred to follows:)

[S. 3407, 84th Cong., 2d sess.]

AMENDMENT Intended to be proposed by Mr. BUSH (for himself, Mrs. SMITH of Maine, Mr. PURTELL, Mr. MARTIN of Pennsylvania, Mr. PAYNE, Mr. BEALL, Mr. IVES, Mr. SMITH of New Jersey, Mr. DUFF, and Mr. KUCHEL) to the bill (S. 3407) to extend the Defense Production Act of 1950, as amended, and for other purposes, viz: On page 1, after line 10, insert the following new sections:

SEC. 3. Section 2 of said Act is amended by adding the following new sentence at the end of section 2: "Our mobilization effort further requires that certain areas which have been or may be afflicted by a major disaster, as such term is defined in the Act of September 30, 1950 (64 Stat. 1109), be rehabilitated and

restored to normal condition as expeditiously as possible, in order to maintain a broad potential base for economic mobilization."

(b) Said Act is further amended by inserting the following as a new section and heading:

"DISASTER AREAS

"SEC. 714. Upon the occurrence of a major disaster as defined in the Act of September 30, 1950 (64 Stat. 1109), in any area which in the opinion of the President is an important source of goods or services needed in the event of economic mobilization, he is hereby authorized and directed, notwithstanding any provision of law to the contrary, to arrange for immediate awards, to the maximum practicable extent, of negotiated contracts for procurement of materials or services needed by the Federal Government to victims of such major disaster capable of fulfilling such contracts in a satisfactory manner."

SEC. 4. (a) Section 3 of the Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes, approved September 30, 1950 (64 Stat. 1109), is amended by striking out the word "and" before "(d)" the first time this symbol appears in the first sentence of said section, and by inserting a comma after "(d)" the second time said symbol appears in said sentence and adding the following after such comma: "and (e) by procuring from private enterprise engaged in business in the area affected by such major disaster, by negotiated contract or otherwise, materials or services of use to the Federal Government, in the opinion of the President."

(b) Section 8 of said Act is amended by striking out "$5,000,000" and inserting in lieu thereof "$15,000,000".

Dr. FLEMMING. Yes.

Senator BUSH. We have asked for a report from you on that. Have you had a chance to give that any thought yet?

Dr. FLEMMING. Pardon me just a minute.

It has not come to my personal attention. My counsel tells me our proposed report is that the Bureau of the Budget in accordance with the regular procedure.

Senator BUSH. Do you happen to recall the nature of your report, or would you rather not comment on that at this time? I will not press you for an answer.

Mr. KENDALL. I do not suppose we should comment until the Bureau gives us clearance on it, sir.

Dr. FLEMMING. I might say, however, Senator Bush, that it seems to me to be clear that the objective that you have in mind in that bill is consistent with the actions that we took following the flood disaster both in New England and also on the west coast. As you know, I did issue orders which were designed to give preferential consideration to plants in those areas.

Senator BUSH. Yes.

Dr. FLEMMING. And I would like to say this: I feel that the three services responded to that order in a very fine way.

Senator BUSH. Yes; I certainly confirm that. I congratulate you and also the services on the way you did approach that matter. I thought you would like to be fortified with this one so you could see the Congress is in agreement with the postition you have taken.

Dr. FLEMMING. I am not familiar with the content of the document that is over at the Bureau of the Budget so I am not subject to the same inhibition that my General Counsel is, and I will simply say I am in complete sympathy with the objectives of your bill. I may be in trouble, but, if I am, I will argue it out within the executive branch. Because it is certainly consistent with the action that the executive branch took.

Senator BUSH. I think it is, entirely. In fact, it almost suggested this.

Dr. FLEMMING. That is right.

Senator FREAR. Is that all, sir?

Senator BUSH. Yes. I do want to congratulate Dr. Flemming on the very excellent statement reviewing the whole operation of the Defense Production Act. I think it is an excellent statement and gives a very clear picture of the situation.

Dr. FLEMMING. Thank you, Senator.

Senator FREAR. Dr. Flemming, if there are no objections, I will proceed with the questions.

Dr. FLEMMING. Fine.

Senator FREAR. I understand that you have a number of orders out providing set-asides for orders identified with the Defense and Atomic Energy Commission programs. What materials are being allocated in this fashion?

Dr. FLEMMING. As I indicated in my direct testimony, steel, copper, and aluminum.

Senator FREAR. And might I say nickel?

Dr. FLEMMING. Well, in connection with the steel. I mean you have subsidiary materials that come in under the system also. And we do, for example, get an indication of what the requirements for nickel are going to be, and in connection with the steel set-asides the nickel producers also receive symbols, Defense and AEC symbols.

Senator FREAR. I have some questions about nickel later, Doctor.

Dr. FLEMMING. O. K.

Senator FREAR. May I also say when any of these questions are asked, if you prefer to give a later answer for the record, certainly it is quite all right.

Dr. FLEMMING. Thank you.

Senator FREAR. Could you give me a complete list of all of the orders of this sort—that is, as pertaining to the Defense and Atomic Energy Commission programs?

Dr. FLEMMING. I would be very happy to.

(The material referred to follows:)

PRIORITIES AND ALLOCATIONS REGULATIONS AND ORDERS

Following is a list of priorities and allocations regulations and orders presently in operation under the defense materials system and related priorities system. These regulations and orders are administered by the Business and Defense Services Administration of the Department of Commerce.

1. BDSA Regulation 2 (basic rules of the priorities system): Contains the rules on preferential treatment to be given to defense orders.

2. BDSA Regulation 3 (operations of the priorities and allocations systems between Canada and the United States): Contains provisions for giving preferential treatment to United States defense orders placed with suppliers in Canada and to Canadian defense orders placed with suppliers in the United States.

3. DMS (Defense Materials System) Regulation 1 (basic rules of the defense materials system): Contains the rules covering the use of materials allotments and preference ratings for defense production.

4. DMS Regulation 2 (construction under the defense materials system): Contains the rules covering the use of materials allotments and preference ratings for defense construction.

5. BDSA Order M–1A: Contains rules for the production and distribution of steel mill products under the defense materials system.

6. BDSA Order M–5A: Contains rules for the production and distribution of aluminum under the defense materials system.

7. BDSA Order M–11A: Contains rules for production and distribution of copper under the defense materials system.
8. BDSA order M–17 (components and parts): Provides for equitable distribution of defense rated orders among manufacturers of specified components or parts.
9. BDSA order M–41 (metalworking machines, delivery): Regulates the delivery of specified metalworking machines on defense rated orders.
10. BDSA order M–43A (construction machinery, distribution): Provides for the equitable distribution of defense rated orders among manufacturers of specified types of construction machinery.
11. BDSA order M–107 (titanium mill products): Provides for the distribution of titanium mill products to meet defense requirements.

Dr. Flemming. Mr. Chairman, I think possibly it might be helpful, since I have got just a very brief statement on the way the DMS system operates, if I gave it right at this time, because other questions may relate to it, and we can refer back to it. It will only take me about 3 minutes.

Senator Frear. All right.

Dr. Flemming. Under the defense materials system, the Department of Defense and the Atomic Energy Commission provide a statement of the quantities of steel, copper, and aluminum needed each quarter to meet their production and construction programs for defense. Consequently, steel, copper, and aluminum are known as controlled materials.

Each producing unit in the three controlled-materials industries is told its share of this defense requirement by the Business and Defense Service Administration of the Department of Commerce. The mills then reserve a portion of their total production for defense orders in accordance with the directives they receive from the Department of Commerce.

Defense contractors and subcontractors are authorized to use their defense-program symbols to identify their orders for acceptance within the military space reservations at the mills. Similar authority in the form of preference rating is granted defense contractors for purchase of products and materials other than controlled materials needed to complete their defense production or construction schedule.

Authority to use defense-program symbols is obtained as follows:

Manufacturers of class A products for defense programs receive authorized production schedules, allotment authority to purchase controlled materials, and preference rating authority for other materials. This is done on the basis of information furnished by them on Department of Commerce forms.

Then the manufacturers of class B products or supporting products who receive rated orders from customers engaged in military and AEC programs are authorized to self-assign a symbol to identify their purchases of controlled materials and other production materials needed to fill these rated orders. This means that the manufacturers of class B products are not required to file application for controlled materials.

Authorizations and related allotments for defense construction are made in similar fashion, and manufacturers of classes A and B products who are unable to obtain supplies for maintenance, repair, and operating purposes needed to fill rated orders are permitted under this DMS system to self-authorize orders to obtain them.

Senator Frear. What percentage of each kind of material is set aside for the military?

76559—56——3

Dr. FLEMMING. Rated orders of the Department of Defense and the Atomic Energy Commission, covering all programs of those agencies and programs directly related and including B products entering into them, are estimated for the second quarter of 1956 to involve approximately 3 percent of the total supply of steel, 7 percent of the supply of copper, and 9 percent of the supply of aluminum.

Senator FREAR. Right at this point, without objection, I would like to make a part of the record a letter from Dr. Flemming to the chairman of the full committee dated April 19. That is in reply to a letter of February 22 to you. It is along this line.

Dr. FLEMMING. All right.

(The letter referred to follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., April 19, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR SENATOR FULBRIGHT: This letter is in further reply to your letter of February 22, 1956, relative to shortages of steel supplies.

While the Office of Defense Mobilization maintains policy control over the defense materials system, the operational aspects of the system including the setting aside of steel, copper, and aluminum to cover the Department of Defense and the Atomic Energy Commission requirements at the mills, and the collection of supply and shipment data, have been delegated to the Department of Commerce. Inasmuch as you also sent your request to Commerce, we are not attempting to duplicate in this letter the information they would normally send you.

With respect to Department of Defense and Atomic Energy Commission requirements, the shape and form detail by individual program, i. e., ships, tanks, aircraft, is classified. The total Defense and AEC allotments under the Defense Materials system are shown below and are not classified.

	Carbon steel (tons)	Alloy steel (tons)	Nickel bearing stainless steel (thousand pounds)
1st quarter 1955	466,088	122,457	25,556
2d quarter 1955	545,255	124,100	23,296
3d quarter 1955	572,289	112,921	23,497
4th quarter 1955	541,614	100,402	25,150
1st quarter 1956	527,259	102,023	25,953
2d quarter 1956	500,197	92,916	28,439
3d quarter 1956	489,864	87,052	30,506

The Iron and Steel Division of BDSA, Commerce, informs us that Defense and AEC requirements represent about 3 percent of total supply with, of course, some variations depending upon the kinds and shapes of steel. Actual shipments against rated orders are reported to run lower, about 2 percent of supply.

On an overall basis, we expect to see a slight decline in Defense and AEC requirements for the remainder of 1956.

This office has no direct knowledge of the manner in which steel producers distribute their output to industry. Under the defense materials system records are kept only for Department of Defense and AEC rated orders. It is suggested that the Department of Commerce can best supply a judgment on this question since they do have daily contacts with the industry.

It is felt that current steel shortages are caused to a considerable extent by a shortage of steel ingots. However, the American Iron & Steel Institute reports that the industry is expanding ingot capacity at the rate of 4 million tons annually for the next 3 years without Government incentive. Although this expansion program will itself require large quantities of structural steel, the

increased capacity should operate gradually to relieve the current shortage of steel shapes.

I cannot suggest any Government actions, legislative or otherwise, which would serve to alleviate the current steel shortages.

If I can provide you with further information on this matter please call upon me.

Sincerely yours,

ARTHUR S. FLEMMING, *Director.*

Senator FREAR. Are these orders necessary in order to get material for the military, or, to put it another way, are these orders more of assistance to the military in getting the materials or are they more of a means of spreading defense orders around so that no supplier is overburdened with military orders?

Dr. FLEMMING. Both objectives are achieved by the use of the system.

Senator FREAR. Transportation orders T–1 and T–2 prevent American ships and planes from carrying cargo destined for Communist China and North Korea and prevent American ships and planes from going to those areas. These orders were issued under title I of the Defense Production Act, were they not?

Dr. FLEMMING. I would have to check that, Mr. Chairman. I assume that they are probably orders that were issued some years ago. I would want to check them before commenting on them.

Senator CAPEHART. How long ago were these T–1 and T–2 orders issued?

Dr. FLEMMING. I would have to supply that for the record.

Senator CAPEHART. Was it not in 1950?

Dr. FLEMMING. I would think it would be around 1950 or 1951. In other words, in connection with the Korean hostilities I assume.

Senator FREAR. Yes, I think that is right.

(The orders referred to follow:)

T–1

DECEMBER 8, 1950

U. S. DEPARTMENT OF COMMERCE

OFFICE OF THE UNDER SECRETARY

TITLE 32A—NATIONAL DEFENSE, APPENDIX

CHAPTER X—UNDER SECRETARY FOR TRANSPORTATION, DEPARTMENT OF COMMERCE

[Transportation Order T–1]

PART 1101—SHIPPING RESTRICTIONS

This order is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by section 101 of the Defense Production Act of 1950. Consultation with industry in advance of the issuance of this order has been rendered impracticable by the need for immediate issuance.

Sec.

1101.1 Prohibited transportation and discharge.
1101.2 Applications for adjustment or exceptions.
1101.3 Reports.
1101.4 Records.
1101.5 Defense against claims for damages.
1101.6 Violations.

AUTHORITY: §§ 1101.1 to 1106.6, issued under sec. 704, Pub. Law 774, 81st Cong. Interpret or apply secs. 101, 705, Pub. Law 774, 81st Cong., sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105.

§ 1101.1 *Prohibited transportation and discharge.* No person shall transport in any ship documented under the laws of the United States or in any aircraft registered under the laws of the United States any commodity at the time on the Positive List (as amended from time to time) of the Comprehensive Export Schedule of the Office of International Trade, Department of Commerce

(15 CFR Parts 370–399), any article on the list of arms, ammunition, and implements of war coming within the meaning of Proclamation No. 2776 of April 15, 1948, issued pursuant to section 12 of the Joint Resolution approved November 4, 1939 (54 Stat. 10; 22 U. S. C. 462), or any commodity, including fissionable materials, controlled for export under the Atomic Energy Act of 1946 (10 CFR Parts 40 and 50), to any destination at the time in Sub-Group A of the Comprehensive Export Schedule (15 CFR 371.3 (a)), to Hong Kong, or to Macao, and no person shall discharge from any such ship or any such aircraft any such commodity or article at any such port or at any other port in transit to any such destination, unless a validated export license under the Export Control Act of 1949 or under section 12 of said Joint Resolution approved November 4, 1939, has been obtained for the shipment, or unless authorization for the shipment has been obtained from the Under Secretary for Transportation. This prohibition applies to the owner of the ship or aircraft, the master of the ship or aircraft, and any other officer, employee or agent of the owner of the ship or aircraft who participates in the transportation. The consular officers of the United States are furnished with current information as to commodities on the Positive List and will advise whether commodities are currently on that List.

§ 1101.2 *Applications for adjustment or exceptions.* Any person affected by any provision of this part may file an application for an adjustment or exception upon the ground that such provision works an exceptional hardship upon him, not suffered by others, or that its enforcement against him would not be in the interest of the national defense program. Such an application may be made by letter or telegram addressed to the Under Secretary for Transportation, Washington 25, D. C., reference T–1. If authorization is requested, any such application should specify in detail the material to be shipped, the name and address of the shipper and of the recipient of the shipment, the ports from which and to which the shipment is being made and the use to which the material shipped will be put. The application should also specify in detail the facts which support the applicant's claim for an exception.

§ 1101.3 *Reports.* Persons subject to this part shall submit such reports to the Under Secretary for Transportation as he shall require, subject to the terms of the Federal Reports Act.

§ 1101.4 *Records.* Each person participating in any transaction covered by this part shall retain in his possession, for at least two years, records of shipments in sufficient detail to permit an audit that determines for each transaction that the provisions of this part have been met. This does not specify any particular accounting method and does not require alteration of the system of records customarily maintained, provided such records supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals.

§ 1101.5 *Defense against claims for damages.* No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this part or any provision thereof, notwithstanding that this part or such provision shall thereafter be declared by judicial or other competent authority to be invalid.

§ 1101.6 *Violations.* Any person who wilfully violates any provisions of this part or wilfully conceals a material fact or furnishes false information in the course of operation under this part is guilty of a crime and upon conviction may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person, denying him the privileges generally accorded under this part.

This part shall take effect on December 8, 1950.

PHILIP B. FLEMMING,
Under Secretary of Transportation.

[F. R. Doc. 50–11490; Filed, Dec. 8, 1950; 12:20 p. m.]

Comm—7276

TITLE 32A—NATIONAL DEFENSE

APPENDIX

CHAPTER 9—UNDER SECRETARY FOR TRANSPORTATION, DEPARTMENT OF COMMERCE

(Interpretation 1 to Transportation Order T–1)

Part 1301—*Shipping Restrictions.*

AUTHORITY: Sections 1301.100 to 1301.105, issued under Sec. 704, Pub. Law 774, 81st Cong. Interpret or apply Secs. 101, 705, Pub. Law 774, 81st Cong., Sec. 101, E. O. 10161, September 9, 1950, 15 F. R. 6105.

Sec.

1301.100 Shipments from the United States.
1301.101 Restricted commodities.
1301.102 Addition of commodities to the Positive List.
1301.103 Calls at restricted ports en route to an unrestricted port.
1301.104 Forwarding commodities previously shipped.
1301.105 Relation to Transportation Order T–2.

Sec. 1301.100 *Shipments from the United States.* Transportation Order T–1 applies to shipments from the United States, as well as to shipments from foreign ports, on American flag ships and aircraft.

Sec. 1301.101 *Restricted commodities.* The restrictions of Order T–1 apply to the transportation or discharge of (i) commodities on the Positive List (as amended from time to time) of the Comprehensive Export Schedule of the Office of International Trade, Department of Commerce, (ii) articles on the list of arms, ammunition and implements of war coming within the meaning of Proclamation No. 2776 of April 15, 1948, and (iii) commodities, including fissionable materials, controlled for export under the Atomic Energy Act of 1946. The restrictions imposed by Order T–1 do not apply to other commodities, not within these restricted classes at the time of transportation or discharge, even though authorization for the export of the commodity from the United States to the particular destination is required under regulations of the Office of International Trade or under other Federal law or regulation. In this respect, Order T–1 is different from Order T–2 which applies to all commodities destined to Communist China. Order T–1 does not relax or modify any of the requirements of any other regulation of law.

Sec. 1301.102 *Addition of commodities to the Positive List.* Order T–1 applies to the transportation or discharge of commodities which are restricted at the time of transportation or discharge. Accordingly, if a commodity is added to the Positive List while the commodity is being transported on an American flag ship or aircraft, the restrictions of Order T–1 immediately apply and the commodity may not be transported to or discharged at any of the restricted ports or discharged in transit to one of the restricted ports, unless authorization under Order T–1 is obained.

Sec. 1301.103 *Calls at restricted ports with restricted cargo.* Order T–1 does not prohibit an American flag ship or aircraft from going to or calling at one of the restricted ports, even though it has on board a commodity which could not be discharged at that port. (Note, however, that Order T–2 prohibits American flag ships and aircraft from calling at any port or other place in Communist China). For example, an American flag ship may call at one of the restricted ports (except one in Communist China), even though it has on board the following classes of commodities—(i) A Positive List commodity manifested to a destination outside the restricted area, with an export license and an export declaration showing the unrestricted destination at the ultimate destination, (ii) A Positive List commodity destined for the restricted port of call which cannot be discharged there because there is no export license or authorization from the Under Secretary for Transportation permitting discharge at the restricted port of call, (iii) A commodity of any kind destined for Communist China (the transportation and discharge of which is covered by (Order T–2)). None of these commodities may be discharged at the restricted port of call. Discharge of any of these commodities at the port covered by the restrictions of Order T–1 is prohibited and subject to penalty, regardless of the circumstances under which the discharge of the cargo at the restricted port occurs, unless appropriate authorization is obtained.

Sec. 1301.104 *Forwarding commodities previously shipped.* Order T–1 applies to transportation on or discharge from ships documented under the laws of the United States and aircraft registered under the laws of the United States.

These restrictions apply either in the case of a discharge at one of the restricted ports or to discharge at any other port in transit to a restricted destination. The restrictions of Order T–1 do not apply to transportation by foreign carriers, as long as there is no prohibited transportation or discharge by or from a United States flag ship or aircraft after the issuance of Order T–1. Accordingly, if an American flag ship or aircraft, before the issuance of Order T–1, had transported restricted commodities manifested to restricted destinations, and had completed the transportation to a foreign intermediate point and had completed the discharge from the American flag ship or aircraft before the issuance of Order T–1, no violation of that Order would have occurred, but Order T–1 would prohibit further shipment on an American flag ship or aircraft unless authorization under Order T–1 is obtained.

Sec. 1301.105 *Relation to Transportation Order T–2.* Transportation Order T–1 applies to the transportation of commodities to, or in transit to, destinations in Sub-Group A, Hong Kong or Macao. It applies, however, only to commodities on the Positive List of the Office of International Trade, arms, and ammunition, and commodities controlled under the Atomic Energy Act (see Section 1301.101 above). Transportation Order T–2 applies to the transportation of commodities of any kind which are destined to Communist China (Order T–2 also prohibits American ships and aircraft from calling at any port or place in Communist China). Since Communist China is in Sub-Group A, the restrictions of both orders apply to the transportation of commodities to Communist China or to any other point in transit to Communist China.

/s/ PHILIP B. FLEMING,
Under Secretary of Commerce for Transportation.

Dec. 19, 1950.

Transportation Order T–2
DECEMBER 16, 1950

U. S. DEPARTMENT OF COMMERCE

UNDER SECRETARY FOR TRANSPORTATION

TITLE 32A—NATIONAL DEFENSE, APPENDIX

CHAPTER IX—UNDER SECRETARY FOR TRANSPORTATION, DEPARTMENT OF COMMERCE

[Transportation Order T–2]

PART 1302.—SHIPPING RESTRICTIONS; COMMUNIST CHINA

This order is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by section 101 of the Defense Production Act of 1950. Consultation with industry in advance of the issuance of this order has been rendered impracticable by the need for immediate issuance.

Sec.
1302.1 Prohibition of movement of American carriers to Communist China.
1302.2 Prohibition on transportation of goods destined for Communist China.
1302.3 Persons affected.
1302.4 Reports.
1302.5 Records.
1302.6 Defense against claims for damages.
1302.7 Violations.

AUTHORITY: §§ 1302.1 to 1302.7 issued under sec. 704, Pub. Law 774, 81st Cong. Interpret or apply secs. 101, 705, Pub. Law 774, 81st Cong., sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105.

§ 1302.1 *Prohibition of movement of American carriers to Communist China.* No person shall sail, fly, navigate, or otherwise take any ship documented under the laws of the United States or any aircraft registered under the laws of the United States to any Chinese Communist port or to any other place under the control of the Chinese Communists.

§ 1302.2 *Prohibition on transportation of goods destined for Communist China.* No person shall transport in any ship documented under the laws of the United States or in any aircraft registered under the laws of the United States, to Communist Chinese ports or to any other place under the control of the Chinese Com-

munists, any material, commodity, or cargo of any kind. No person shall take on board any ship documented under the laws of the United States or any aircraft registered under the laws of the United States any material, commodity, or cargo of any kind if he knows or has reason to believe that the material, commodity, or cargo is destined, directly or indirectly, for Communist China. No person shall discharge from any ship documented under the laws of the United States or from any aircraft registered under the laws of the United States, at any place other than the port where the cargo was loaded, or within territory under the jurisdiction of the United States, or in Japan, any material, commodity, or cargo of any kind which he knows or has reason to believe is destined for Communist China.

§ 1302.3 *Persons affected.* The prohibitions of this part apply to the owner of the ship or aircraft, to the master of the ship or aircraft, and to any other officer, employee, or agent of the owner of the ship or to any other person who participates in the prohibited activities.

§ 1302.4 *Reports.* The owner of any ship documented under the laws of the United States or any aircraft registered under the laws of the United States which is making a voyage to Communist China at the time this part is issued shall report this fact promptly to the Under Secretary for Transportation, Department of Commerce, Washington 25, D. C., and advise what steps he has taken to comply with the requirements of § 1302.1. The owner of any ship documented under the laws of the United States or any aircraft registered under the laws of the United States which, at the time this part is issued, is carrying any material, commodity, or cargo which the owner, the master of the ship or aircraft, or any other officer, employee or agent of the owner, knew or had reason to believe was destined for Communist China shall report this fact promptly to the Under Secretary for Transportation, Department of Commerce, Washington 25, D. C., and advise what disposition has been or will be made of such cargo. Persons subject to this part shall submit such reports to the Under Secretary for Transportation, Department of Commerce, as he shall require, subject to the terms of the Federal Reports Act.

§ 1302.5 *Records.* Each person participating in any transaction covered by this part shall retain in his possession, for at least two years, records of voyages and shipments in sufficient detail to permit an audit that will determine for each transaction that the provisions of this part have been met. This provision does not require any particular accounting method and does not require alteration of the system customarily maintained, provided such records supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals.

§ 1302.6 *Defense against claims for damages.* No person shall be held liable for damages or penalties for any default under any contract or order which shall result directly or indirectly from compliance with this part or any provision, thereof, notwithstanding that this part or such provision shall thereafter be declared by judicial or other competent authority to be invalid.

§ 1302.7 *Violations.* Any person who wilfully violates any provisions of this part or wilfully conceals a material fact or furnishes false information in the course of operation under this part is guilty of a crime and upon conviction may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person, denying him the privileges generally accorded under this part.

Amendments. This part may be amended by the Under Secretary for Transportation, Department of Commerce, pursuant to delegation previously made to him (15 F. R. 8739).

This part shall take effect immediately, subject to section 7 of the Federal Register Act (49 Stat. 502, 44 U. S. C. sec. 307).

NOTE: The reporting requirements of this part have been approved by the Bureau of the Budget under the Federal Reports Act.

[SEAL] CHARLES SAWYER,
Secretary of Commerce.

DECEMBER 16, 1950.

[F. R. Doc. 500–12029; Filed, Dec. 18, 1950; 11:01 a. m.]

Senator CAPEHART. What is title I? Do you mind, Mr. Chairman?

Senator FREAR. No.

Senator CAPEHART. What is title I of the Defense Production Act? It says that these orders are issued under title I of the Defense Production Act. What is title I?

Dr. FLEMMING. It is the priorities and allocation title.

Senator CAPEHART. What has that got to do with transportation orders about American ships and planes carrying cargo destined to Communist China and North Korea?

Dr. FLEMMING. Mr. Chairman and Senator Capehart, I would have to look into that, because I am not familiar with the two orders myself.

Senator CAPEHART. But T–1 and T–2 were issued in 1950?

Dr. FLEMMING. I do not know the exact date, but I assume it was during that period, 1950, 1951, during the Korean hostilities period.

Senator CAPEHART. Show me the authority under title I for it.

Dr. FLEMMING. Well, Mr. Chairman, I will have to look at the orders and then determine the authority under which they were issued.

Senator CAPEHART. Are those two orders still in effect?

Dr. FLEMMING. That I will have to check. What I will do, Mr. Chairman, is provide the chairman of the subcommittee with a memorandum outlining the history of the orders, what was done under them, the authority under which they were issued, and a statement as to their present applicability.

Senator FREAR. I think the administration of them as far as my limited knowledge is concerned is in the Commerce Department. However, if they are still in force, do you plan to keep them in force if the Defense Production Act is extended? Of course, the answer to that can be given——

Dr. FLEMMING. Mr. Chairman, I might say they sound more to me like orders issued under export control—I mean more relevant to the Export Control Act, which is administered by the Department of Commerce, of course—but, nevertheless, I will check and we will give you a complete memorandum on it.

(The memorandum referred to follows:)

ORDERS T–1 AND T–2

T–1 and T–2 are orders issued in December of 1950 under authority of section 101 of title I of the Defense Production Act, as amended, which provides priorities and allocation authority. These orders are still in effect.

The general purpose of these orders is to prohibit transportation in ships documented, or aircraft registered, under United States laws to Soviet bloc countries, Hong Kong, Macao, or Communist China.

In 1953, when the House of Representatives amended the Defense Production Act by accepting the proposed wording of section 101 (b), as it now reads, the Committee on Banking and Currency stated with respect to these two orders:

"Under the authority in title I of the act the Secretary of Commerce in 1950 issued orders prohibiting the transportation in ships or aircraft of commodities to Soviet bloc countries, Hong Kong, Macao, or to Communist China. These orders are identified as T–1 and T–2. Your committee does not intend by the language of subsection 101 (b) to indicate disapproval or limitation in any manner of the authority such as that exercised by the Department of Commerce in allocating facilities under the act so as to prohibit carriage by ships documented under United States laws or aircraft registered under United States laws to Soviet bloc countries, Hong Kong, or Macao, or movement by such ships or aircraft to Communist China. On the contrary, the committee considers such actiton beneficial and its continuance necessary." (P. 5, Defense Production Act Amendments of 1953, Report from the Committee on Banking and Currency, House Rept. 516, 83d Cong., 1st sess.)

The Committee on Banking and Currency of the United States Senate commented on the use of authority granted by title I of the Defense Production Act in the promulgation of these orders and thus recognized the appropriateness of such use:

"Under the present flexible priority and allocation authority the executive branch has been able to prohibit recreational and amusement construction * * * and to prohibit American-flag vessels from discharging at any port in the world any cargo destined to Communist China or even from calling at any port in Communist China." (P. 12, A bill to amend and extend the Defense Production Act of 1950, and the Housing and Rent Act of 1947, as amended. Report from the Committee on Banking and Currency, U. S. Senate, Rept. No. 470, 82d Cong., 1st sess.)

Your attention is further invited to testimony of the Secretary of Commerce on December 20, 1950, before the Joint Committee on Defense Production when the orders were made available to that committee and the authority therefor was discussed.

Senator FREAR. Section 101 (b) of the Defense Production Act provides that you should not use the authority and allocation and powers to control the general distribution of any material in the civilian market unless the President finds:

(1) That such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

Have you found that there are shortages of any material to such an extent as to make a significant dislocation of the normal distribution of the material creating appreciable hardship?

Dr. FLEMMING. Mr. Chairman, of course the answer to that is "No," because we do not have in effect at the present time any order to control the distribution of any material in the civilian market.

Senator FREAR. We have had reports of substantial shortages of newsprint, steel plate, nickel, and other materials. In many cases, these shortages have resulted in substantial price increases and, judging by the reports we have received, serious difficulties in obtaining the materials. In any of the cases mentioned, have you found that the military take was sufficient to cause these results?

Dr. FLEMMING. The answer is the same, Mr. Chairman. No, because of the fact that we are not controlling distribution of any materials in the civilian market.

Senator FREAR. These reports, as you perhaps know, come from the Small Business Administration, and I think most of the complaints come from small business.

Dr. FLEMMING. Mr. Chairman, I think possibly I should say this in order to clarify my answer: As we interpret, of course, section 101 (b), to which you have referred, it lays down the policy under which the President could move in and exercise control of materials over the civilian market. In other words, when these conditions prevail, he may then exercise those controls if he so desires. I am sure that someone could make a pretty good case for saying that the nickel situation comes within the purview of the language of 101 (b), which conceivably could put the executive branch in a position where it could legally decide to control the general distribution of nickel in the civilian market. It could do it legally.

As a matter of policy, we do not feel that that is the thing to do, because we do not feel that that would provide any real solution to

the difficult problem that confronts us in the field of nickel at the present time.

We feel this, Mr. Chairman, for example: That if we should control nickel, the only way in which you could control it effectively would be to put in an end-use control. In other words, you would begin to decide the things for which nickel could be used and the things for which it could not be used. That would be the best way of putting it—negatively.

That, of course, could have quite an impact on the economy as a whole. We do not know what all of the reverberations of a decision of that kind might be. Also it could lead to allegations that we were putting nickel at a competitive disadvantage as over against aluminum, for example. And the only way you could take care of those allegations, provided they were supported, would be to begin to think in terms of controlling aluminum.

My point is this: We have the conviction that if you start down the road of control of materials in the civilian economy, you just cannot travel 1 mile down that road without being forced to travel 10 to 15 miles down the road. And we think that that would be rather disastrous as far as the civilian economy is concerned.

We believe that the solution to the nickel problem must be a positive solution, that somehow or other we must get additional sources of supply.

When we took the controls off nickel in November 1953, as you will recall, at that time the demand for nickel was in excess of supply. We all knew that. We all faced that particular fact. But we felt, balancing everything, that we would be better off as a Nation with the controls off. We still feel that way, but we also feel that the Government has an obligation to take the initiative and do everything it possibly can to add to the sources of supply. If we can do that, then we are beginning to solve the problem in a sound way.

If we just reach out for something that to some people at the present time looks attractive, I do not think that any of us would be at all happy about the outcome of such a process.

Senator FREAR. In connection with nickel, I would like to submit for the record a letter and remarks. The letter is from the Secretary of Commerce, the Honorable Sinclair Weeks. You may be familiar with that.

Dr. FLEMMING. The letter addressed to Congressman McCormack?

Senator FREAR. Yes.

(The letter and remarks referred to follow:)

NICKEL PROBLEM: "ALMOST COMPLETELY INSOLVABLE," WEEKS

Extension of remarks of Hon. John W. McCormack, of Massachusetts, in the House of Representatives, Tuesday, April 17, 1956

Mr. MCCORMACK. Mr. Speaker, on several occasions lately I have called the attention of this body to the black-market situation which has developed with respect to nickel for manufacturing purposes in the United States.

I am placing in the Record an amazing letter which the Secretary of Commerce has written to Mr. Willard F. Rockwell, chairman of the board of the Rockwell Spring & Axle Co. Mr. Rockwell's company is one of the large users of nickel for plating purposes and he informs he that his company, last year, spent $750,000 for nickel in the gray market and this year spent $780,000 in the first quarter since sufficient 64½-cent nickel is available only to his company through black and gray market sources at some 300 percent of market price.

In response to Mr. Rockwell's complaint, the Secretary of Commerce on April 7 wrote to him and stated:

"This in a general way seems to me to be the story and, as aforesaid, if you find yourself in Washington, we'll be glad to go through it with you to the *n*th degree and give you all of our thinking about a problem which is very difficult and, as I presently see it, almost completely insolvable."

This is an amazing statement in view of the fact that studies by the Secretary's own Department indicate that there have been diversions of defense-rated nickel and that his Department is studying as to what enforcement measures are necessary. Amazing also is the fact that the Department of Commerce has responsiblity to check the books of the producers and allocators of nickel to see that there is equitable distribution of this important commodity. It is also amazing that many business concerns are paying unconscionable high prices for black-market nickel which seems to be abundant at such prices. It is also amazing to me that the Department of Commerce which has the responsibility to aid and foster industry is standing back contending that the nickel situation is insolvable at a time when businesses large and small are closing down, laying off employees or otherwise curtailing their activities because of inability to obtain nickel.

To my knowledge the Secretary of Commerce has not denied that he is one of the individuals responsible for solving this problem, nor has he recommended legislation which may be necessary to establish necessary controls.

The above-mentioned letter follows:

THE SECRETARY OF COMMERCE,
Washington, April 7, 1956.

Mr. WILLARD F. ROCKWELL,
Chairman of the Board, Rockwell Spring & Axle Co.,
Pittsburgh, Pa.

DEAR MR. ROCKWELL: I have just been through a long and exhaustive study of the nickel question this morning (Saturday, April 7) and if you would care to come down sometime in the near future, we'll see that you have the complete story and understand just how things seem to shape up. I think, however, that I must tell you that I'm afraid you'll be disappointed in the net result.

Generally speaking, the forecasted 1956 supply of nickel for the civilian economy is short—even short of what it was on an average for the 3 years preceding Korea—and if certain use developments take place in the defense area the situation may be even worse.

Currently, the civilian economy is paying three prices for available nickel—the so-called market price of 65 cents approximately, the price ranging from $1 to $1.35 for Government set-aside supplies, and say $2.50 to $3 for approximately 10 percent of the civilian supply. Most of this latter grouping is composed of nickel-bearing scrap alloys and foreign production—France, Japan, etc.

We find no evidence of importance of any misappropriation of Defense-rated nickel supplies. Our procedures for following Defense-rated orders adequately confirm this view although despite this fact we are planning some procedural changes which should give us even closer supervision.

The end of it all is that there just is not enough nickel available to take care of Defense requirements and the civilian economy (the stockpile take will be substantially decreased this year). The controls which you urge will not get anybody any more nickel and the undoubted result of such controls would probably bring into operation use determinations and specifically might very well result in the complete elimination of the use of nickel for decorative purposes.

There is some further increase of nickel supply in sight for 1957. What effect it will have on civilian availability will largely depend on the military requrements at that time.

This in a general way seems to me to be the story and, as aforesaid, if you find yourself in Washington, we'll be glad to go through it with you to the *n*th degree and give you all of our thinking about a problem which is very difficult and, as I presently see it, almost completely insolvable.

Most sincerely yours,

SINCLAIR WEEKS.

Senator FREAR. Would you say that the same problem exists with relation to steel and copper, aluminum perhaps, as exists with nickel, only to a lesser degree?

Dr. FLEMMING. No, Mr. Chairman—let me take them separately. Copper has presented some real problems, as you know, over a period

of the last, let's say, 9 months, almost a year now. But as I have indicated in previous testimony, the indications are that that situation should ease in the third quarter of this year and that supply and demand ought to be closer to balance than they have been up to the present time.

The aluminum situation is still tight from a supply and demand point of view. I noticed, however, that the president of the Aluminum Company of America in a speech the other day predicted that by the third or fourth quarter of this year that possible supply might even be a little bit in excess of demand and that they might have some selling problems on their hands. Of course, the Government is no longer a factor there because we are not acquiring any for the stockpile at the present time.

We have not been acquiring any copper, either. We have been diverting the copper that was headed for the stockpile. In all probability, however, we will begin acquiring copper as we get into the third quarter of this year.

Although I know the steel situation has been serious, particularly as far as certain types of shapes and forms are concerned, I do not think that overall it has presented anywhere near the problem that we have had in nickel, for example.

Senator FREAR. Did the price of copper have a material effect on the limitation on the amount of money that you can use for stockpiling?

In other words, did you have to pay more for stockpiling copper or did you have a loss in your program, a monetary loss in your program, by having to divert copper at a higher price?

Dr. FLEMMING. Mr. Chairman, of course, we have not been buying any during this period of the sharp increase in the price so that it has not had any effect on our current purchases. Actually, however, even if we had been buying we would have been buying in many instances at prices that are specified in the contracts and which are considerably below the present market.

However, this increase in price in copper had the effect of stepping up the value of the materials that we have in the stockpile for a temporary period. Of course, it is coming down again now.

Senator FREAR. If you took them at market value.

Dr. FLEMMING. That is right.

Senator FREAR. Did I understand you to say just now that you bought at an agreed-upon price or at the market price the copper that was allocated for stockpiling and which you were obligated to buy?

Dr. FLEMMING. In the first place, we have not been buying any at all for almost a year now, but if we had been buying during this period in most instances we would have been buying at a price specified in the contract and which would have been considerably below the current market.

Senator FREAR. Yes. You have some contracts with producers or processors who are to supply you for the reserve program or the stockpile program. Were you permitted to pass the prices agreed upon in the contract onto the people who actually got the copper during the last 9 or 12 months? Or did you have to charge them the market price? Or did the people who got the copper pay the market price to the producer without going through your office?

Dr. FLEMMING. They paid the market price from the producer. That is all we did. We did not cancel these contracts.

Senator FREAR. Yes.

Dr. FLEMMING. We did not cancel deliveries. We simply deferred.

Senator FREAR. Yes.

Dr. FLEMMING. They still have an obligation to supply us copper at the price provided for in our contract. But during this period, of course, the producers have been selling to the consumer at the current market price.

Senator FREAR. Yes; in reality then, you have permitted the processors or the producers to obtain a higher price per pound for their copper than they would otherwise have gotten if you had enforced the agreement and made them put it into the stockpile now?

Dr. FLEMMING. That is right, but it is important to follow that by saying that they have not been relieved of their obligation to provide us at the price specified in the contract, and we will, beginning with the third quarter of this year, provide them with schedules under which they will be compelled to deliver that which they were excused from delivering.

Senator FREAR. Right. Dr. Flemming, I personally think that is most important to us. There may be a day coming when we will be asking those producers and processors to supply at what may appear to them an advantage to the Government. I hope they will not forget some of the things you have done for them during this past 9 months.

Dr. FLEMMING. I agree.

Senator CAPEHART. What is the price of copper?

Dr. FLEMMING. I think as of today it is about 46. It has been moving down pretty fast.

Senator CAPEHART. I can remember when Chile—I think it was—wanted to sell us I don't know how many millions——

Dr. FLEMMING. A hundred thousand tons.

Senator CAPEHART. A hundred thousand tons? What price was it?

Dr. FLEMMING. At 30.

Senator CAPEHART. At 30?

Dr. FLEMMING. That is right.

Senator CAPEHART. And you would not buy it.

Dr. FLEMMING. We ultimately did.

Senator CAPEHART. At what price?

Dr. FLEMMING. We ultimately bought it at 30. There was a lot of argument about it, Senator, though. You are correct.

Senator, I can remember having the head of one large copper-producing firm in my office at the time we took off controls in 1953, when it was running around 30 I think, and he predicted to me that within 90 to 120 days the price of copper would be down to 23, 24 cents. Of course, it has never started down in that direction at all. It has all been the other way.

Senator CAPEHART. Are they angry at us down in Chile now because we bought their copper for 30 cents when they can now get 40 cents for it?

Dr. FLEMMING. I have not heard any allegations to that effect.

Senator CAPEHART. They had a terrible time selling to us at 30.

Senator FREAR. Since the extension of this act is before the Congress and since it is I think to be assumed that the military take is not the cause of the dislocation of certain materials—for instance, steel, aluminum, copper, nickel, and maybe one of the others—in the civilian

market, do you think that we should amend section 101 (b) or is it adequate in your opinion as it now reads?

Dr. FLEMMING. In our opinion, on the basis of our experience, it is adequate as it stands at the present time. We are perfectly satisfied.

Senator CAPEHART. But you would recommend a fourth round at aluminum, nickel, and other production facilities?

Dr. FLEMMING. We are getting a very——

Senator CAPEHART. Would it be a fourth round now?

Dr. FLEMMING. There is a very extensive fourth round taking place right at the present time in aluminum, Senator Capehart, but without any assistance from the Government.

Senator CAPEHART. Would you recommend a fifth?

Dr. FLEMMING. Well, I do not know. They are going right ahead. The figures that I saw last week indicate that firm commitments have been made to the point where our annual productive capacity by 1958 or 1959—I think by 1958—will be 2,400,000, and our expansion goal is 1,740,000, so we are really in good shape as far as aluminum is concerned.

Senator CAPEHART. Aluminum?

Dr. FLEMMING. Yes.

Senator CAPEHART. What about nickel?

Dr. FLEMMING. Well, as far as nickel is concerned, as I indicated earlier and as I indicated before the Joint Committee on Defense Production, we are working right now on the question of whether or not we should announce a new goal and announce what we are willing to do as the Government in order to accelerate production of new sources of supply in nickel.

Senator CAPEHART. Can there be any question about it? Aren't we going to have to do it?

Dr. FLEMMING. In my judgment, that is the answer.

Senator CAPEHART. When are we going to get started?

Dr. FLEMMING. I would say that there would be an announcement on it within the next 2 weeks.

Senator CAPEHART. And steel, you think, will take care of itself?

Dr. FLEMMING. Yes. We made a finding that we have the productive capacity needed to handle mobilization requirements in steel, and we refused to open up that expansion goal on the basis of that finding. We have made the same finding as far as aluminum is concerned.

Senator FREAR. Are you doing anything to increase the supply of these products that have been mentioned? I have further questions regarding nickel especially, Dr. Flemming.

Dr. FLEMMING. It is hard to keep nickel out of it, because it illustrates all of these various problems that we are having at the present time.

Senator FREAR. Yes. Certainly, the demand has outrun the supply. From the reports coming in, the manufacturers or the producers, the processors, have had commitments, especially in steel, to different manufacturing companies, but the railroads found themselves in a severe shortage as far as cars were concerned and made a rather heavy demand upon the steel industry for steel for cars. The result of that was that the smaller processors of steel were cut pretty severely in order to make way for the manufacture of cars. The larger users of

steel also made cars. So I think it threw a pretty heavy burden upon the small users of steel. If you cut their supply 50 percent by tonnage or cut it by tonnage which made a cut actually in percentage of 50 percent, it was much more severe on them than it would have been on a larger processor of steel.

Do you think it is within the power of your office to do more than keep abreast of those things? In other words, can you take any part that would help to alleviate the critical position in which some of these smaller processors of steel find themselves?

Dr. FLEMMING. Mr. Chairman, my feeling on that is this: That we should either be controlling a particular material as far as its distribution in the civilian economy is concerned or we should not be, and that the Government ought not to confuse the situation by trying to be kind of halfway betwen those two situations. So that my attiude has been that if we have taken controls off, we have taken them off, and the idea being then that the civilian economy will function in accordance with the normal laws of supply and demand.

And I feel that if the Government should begin to step in and make suggestions—let's put it that way—that the minute we make one suggestion there will be people back in saying, "Well, now, wait a minute. When you made that suggestion, you did something unfair as far as we were concerned." And they will have a pretty good case. So they will say, "Why don't you make another suggestion?" And before we know it we are really back into controls.

So take just the illustration that you have given me on the freight cars. It is only a few months ago that those who were very much interested in the freight car situation were urging that we give a defense priority rating to freight cars.

Senator FREAR. Yes.

Dr. FLEMMING. We took the position that up to now we had given a defense priority rating only to direct military and AEC items, and that if we moved over into this area of defense-supported where your freight car situation belonged, we would really be opening up a Pandora's box, because, in effect, we would be giving some priority to one phase of our total transportation picture, we would be giving some assistance to the railroads, and at that particular point if commercial aircraft was having some difficulty with a particular material, which they might very well be, they might be in looking for the same kind of treatment, and if we did not give it to them they would say, "You are unfair. You are helping one part of the transportation industry, and you are unwilling to help the other part."

Now, your question suggests that as a result of the manufacturers of freight cars putting the pressure on steel producers they did get some steel, but as a result of their getting some steel some other people have been hurt and they are complaining. And to me that is an excellent illustration of why the Government should either be all the way in the control business or all the way out of it, and it should not try to occupy middle ground.

Senator FREAR. Doctor, I can readily see your reluctance to act on these suggestions, since they might create another problem and another.

Dr. FLEMMING. Right.

Senator FREAR. Off the record.

(Discussion off the record.)

Senator FREAR. On the record.

I have a number of questions here which I would like to have you supply the answers for the record later.

(The material referred to follows:)

Question. In your report to the joint committee dated September 19, 1955, you stated that "The rapid tax amortization program provides an incentive to private capital to construct or acquire defense facilities with the aid of accelerated depreciation for income-tax purposes over a period of 60 months." You also stated that "Congressional or industrial leaders have expressed the opinion that tax amortization has brought about expansion which would not have taken place otherwise. * * *" (p. 60). Are you approving accelerated amortization in cases where it is not neeessary to give this incentive?

Answer. No. Certificates are issued only to fill open expansion goals. Incentive is determined to be necessary when a goal is established.

Question. Are you planning to authorize accelerated amortization for the Idaho Power Co.'s applications for the dams at Brownley and Oxbow in the Hells Canyon region of the Snake River?

Answer. These applications are now under consideration.

Question. What is the total of accelerated amortization certificates you have issued for freight cars in the last year?

Answer. $535,152,000 was certified at 85 percent during 1955 for 63,723 cars. In January and February 1956, $482,821,000 was certified for 55,604 cars.

Question. What is the goal of the freight-car program?

Answer. Freight-car goal was 436,000 cars. It was recently increased to 495,000 cars and closed. Applications on file when certified will fill this goal.

Question. In reaching this goal would you take into consideration the effect these orders for steel plate and structural steel would have on other users of these materials?

Answer. No. Availability of materials is a separate problem from expansion goals. It is taken into consideration but is not of basic importance in establishing a goal.

Question. Am I right in understanding that these certificates must be used within a limited period of time and this has meant that the freight-car purchasers have rushed to place their orders so as to come within the time limits imposed by the certificates?

Answer. No. The freight-car goal required that applications to be eligible for certification must be purchased or authorized for construction in railroad shops by December 31, 1955.

Question. Were the railroads ordering freight cars in 1954? How many were on order at that time?

Answer. Yes. On January 1, 1954, 29,950 freight cars were on order. During 1954, 35,696 were delivered. On December 31, 1954, 15,317 were on order.

Question. Was it your view in 1954 that the supply of freight cars should be expanded?

Answer. Yes. The expansion goal of 436,000 cars was open and unfilled during 1954.

Question. Were you offering accelerated amortization certificates to encourage the production of freight cars then, when the impact on other customers of plate and structral steel would have been much less?

Answer. Yes. Because tax amortization was available in 1954 for freight cars.

Question. I understand barge lines which have accelerated certificates for barges are unable to get steel plate to build these barges. Will their certificates run out under these circumstances?

Answer. No. A purchase contract with a date of delivery specified makes an application for a barge eligible for a valid certificate.

Question. Would it not be a good idea to coordinate your tax amortization program goals with the availability of materials so as to prevent this kind of scramble for materials and the resulting increased prices?

Answer. We make every effort to see that available materials are used to best advantage to meet defense requirements. However, a shortage of materials cannot limit the requirements of an expansion goal.

Question. The last release I have received on tax amortization certificates—release 491 of April 16—shows huge certifications going to electric power generating facilities, including $59 million to Commonwealth Edison, almost $39 million

to New England Power Co., and over $48 million to Public Service Company of Oklahoma. Can you tell us something about this program?

Answer. In 1950 the Defense Electric Power Administration was created in the Department of the Interior to "exercise defense control and expansion functions with respect to the Nation's power industry." Its functions included the "programing of power supply expansion."

The Defense Electric Power Administration's first major undertaking in cooperation with an Electric Power Advisory Committee, appointed by the Administrator of the Defense Production Administration, was a detailed study to determine the probable peak powerloads for the years 1951 through 1954 and the generating capacity needed to meet such requirements.

In 1950, after the outbreak of hostilities in Korea, electric power consumption began to increase rapidly, and the peak load in 1950 was 14 percent above the peak of the previous year—by far the largest single year increase in the history of the industry up to that time. This unprecedented load increase lowered the industry's margin of reserve to 6 percent, considered by the Defense Electric Power Administration to be below that necessary for maintenance and emergency outages of equipment. In December 1941 reserve margins for the country as a whole were 22 percent.

As a result, the Defense Electric Power Administration in 1951 developed a power expansion program. The objectives of the program were summarized by the Defense Electric Power Administration as follows:

1. To serve the rapidly increasing civilian load without curtailment.
2. To serve the superimposed defense program.
3. To restore an adequate capacity margin for maintenance and emergency outages, and for unscheduled additions to load.

Its study disclosed that the power consumers who planned sharp increases in their requirements were the Atomic Energy Commission and certain industries in the process of major expansion, such as aluminum, steel, chemicals, and various nonferrous metals. The estimated expansion for the Atomic Energy Commission was 1,900,000 kilowatts. For aluminum expansion 1,500,000 kilowatts was needed, of which around 80 percent would be generated by the aluminum industry itself.

As a part of the study, private and public power organizations were asked to report power expansion projected for the years 1950, 1951, and 1952. It was found that, before the outbreak of hostilities in Korea, a 17 million kilowatt expansion program was planned for the 3 years. It was then agreed to by the combined staff of the Defense Electric Power Administration and the Defense Production Administration that a 27 million kilowatt expansion would be needed through 1953. The difference of 10 million kilowatts indicated the increase needed to meet defense requirements and the resulting acceleration of outlays of private capital.

To meet the power demands of defense mobilization and the expanding economy by the end of 1953, a 3-year 27 million kilowatt expansion program was considered a minimum by the Defense Electric Power Administration—7 million increase in 1951, 9½ million in 1952, and 10½ million in 1953.

The Defense Electric Power Administration's report dated December 13, 1951, which carried the required expansion through 1954, showed a need for an increase in power facilities of around 30 million kilowatts during 1952, 1953 and 1954 over the anticipated base of 75 million kilowatts at December 31, 1951.

In October 1951 the Defense Production Administrator had appointed the Electric Power Advisory Committee under the chairmanship of Edward W. Morehouse, vice president of the General Public Utilities Corp., to "inquire into the country's requirements for electric power and energy for defense and other purposes."

On December 31, 1951, the Morehouse Committee reported to the Defense Production Administration "the 30 million kilowatts of new capacity now planned by the electric systems of the country to meet these demands (including necessary reserves) is not in the aggregate excessive. If anything, the total capacity is too small."

About the same time as the Morehouse Committee was appointed, the Joint Committee of the Congress on Defense Production, headed by Senator Maybank, ordered an investigation of the electric power program to determine its adequacy to support defense mobilization needs, and on January 15, 1952, the committee reported widespread difficulties regarding allocations of materials for increasing the electric power production capacity.

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After careful consideration of the Defense Electric Power Administration and the Morehouse reports, the Defense Production Administration's staff recommended to the Administrator that a goal be set to provide incentive for a 32 million kilowatt expansion for the 3 years through 1954. This was partially based upon classified information regarding the expansion of the Atomic Energy Commission's plant.

Accordingly, on March 19, 1952, expansion goal No. 55 for electric power was established at 107 million kilowatts by December 31, 1954, an increase of 32 million kilowatts above the December 31, 1951, capacity of 75 million. This action was taken by the Deputy Administrator of the Defense Production Administration for Program and Requirements. The goal called for an expansion of approximately 9 million kilowatts during 1952, 11 million in 1953, and 12 million in 1954.

On August 26, 1952, expansion goal No. 55 was revised to provide for 117 million kilowatts by December 31, 1956, with expansion scheduled as follows:

Year:	*Million kilowatts*		*Million kilowatts*
1952	7	1955	12
1953	10	1956	1
1954	12		

This revision provided for 42 million kilowatts above the December 31, 1951, capacity of 75 million kilowatts, an expansion of 56 percent in 5 years. This action was also taken by the Deputy Administrator of the Defense Production Administration for Program and Requirements.

From the beginning of the program a major objective was to encourage utilities to install blocks of capacity which would exceed their normal needs, i. e., to build generating capacity in advance of the time required to meet their ordinary load growth patterns, and thus provide a mobilization reserve.

During November of 1953 the electric-power program was reviewed by the staff of ODM in conjunction with the staff of the Defense Electric Power Administration. At that time the expansion goal still called for 117 million kilowatts by December 31, 1956. Up to November 1953 certifications for tax amortization under the goal were as follows:

Amount certified	$4,227,638,000
Amount amortized	$1,902,150,000
Capacity in kilowatts	21,000,000

The Defense Electric Power Administration reported its belief that the requirements of expansion goal No. 55 as scheduled would be met by the end of 1956 and recommended its closing at that time.

Since the expansion goal covered a period of 3 years in the future—1954, 1955, and 1956—and it was evident that renewed attention should be given to new basic mobilization assumptions and defense requirements resulting therefrom, it was my decision to suspend the goal rather than close it. This action was taken on December 3, 1953, by Defense Mobilization Order VII–6.

After suspension of the goal the staff of ODM worked with the staff of the Interior Department and made a review of the situation. This afforded an opportunity to watch the development of the actual expansion of capacity which was scheduled and certified under the expansion goal prior to its suspension. Agreement was reached with the Department of the Interior on basic assumptions for mobilization readiness and the programing period was extended from the end of 1956 to the end of 1958. This review was completed in early April of 1955. At that time, the capacity for electric power projected to the end of 1958, taking into account normal growth demand projections and margins for normal operations, amounted to approximately 135 million kilowatts. That projected capacity was not sufficient for mobilization needs. Accordingly, on April 15, 1955, expansion goal No. 55 was reopened and established at 150 million kilowatts by December 31, 1958. The reserve capacity over peak-load estimates provided by this full mobilization objective was about 24 percent. This objective was designed to take care of requirements for full mobilization as contrasted with previous efforts to cover only partial mobilization requirements.

On August 11, 1955, expansion goal No. 55 was again suspended under Defense Mobilization Order VII–6, Supplement 1, as part of a general review of all goals. The goal was again reopened on September 29, 1955, with the modification that

applications for tax amortization must be filed by December 31, 1955, in order to be eligible for certification. Certifications under the reopened goal are as follows:

Amount certified	$1,198,766,000
Amount amortized	$494,100,000
Capacity in kilowatts	5,990,000

Applications for tax amortization under the electric-power goal are subject to the national dispersion policy. Under this policy electric-power projects are not eligible for tax amortization unless they are located outside congested urban areas as determined by the Department of Commerce and away from major military installations and key defense industrial facilities as determined by the Department of Defense.

The sole objective of the expansion goal is to encourage the investment of private capital in electric-power facilities to increase total capacity by December 31, 1958, to a level sufficient to provide a margin for national defense in the event of mobilization.

Question. Do you think there will be any end to the accelerated tax program?

Answer. Yes. When gaps in the mobilization base have been satisfactorily provided for.

Question. How is small business faring under this program?

Answer. Nearly 21,000 necessity certificates have been issued. More than 40 percent of them have gone to small business.

Question. I see the Attorney General is looking into this in connection with the petroleum industry in his second-quarter report under the Defense Production Act, and the best he could say was that small business was receiving about the share of certificates that it had of the business, meaning that the 20 major oil companies which had 82 percent of the business received 72 or 3 percent of the certificates. Is this overwhelming bias true throughout the rest of the accelerated amortization program?

Answer. The Attorney General's report states that "the grant of certificates has favored the smaller companies somewhat above their industry share in 1950" and concludes that "emergency amortization—at least in petroleum—has not increased concentration." The Department of Justice is watching this situation in other fields.

Question. Section 303 provides for purchases and commitments to purchase minerals and other materials and for the encouragement of exploration, development and mining of critical and strategic minerals and metals. What have been the 2 or 3 major programs under this authority?

Answer. Nickel, copper, aluminum, and titanium.

Question. What current use is being made of this authority?

Answer. Defense Minerals Exploration Administration in the Department of the Interior administers an extensive exploration program for about 33 minerals. The General Services Administration administers production expansion and development programs for 21 stockpile materials. The DMEA activities are expanding. Some GSA programs are being closed down or curtailed as defense needs are met.

Question. How is the Nicaro project progressing?

Answer. Practically on schedule.

Question. When do you expect to receive the added production from the last expansion there?

Answer. Starting January 1957.

Question. Do you need any more authority to assist you in carrying on the Nicaro project?

Answer. No.

Question. When the President vetoed H. R. 6363, which would have extended certain mineral programs under title III, he said that it was desirable to develop a long-range minerals program for the United States to assure an adequte mobilization basis and reserve a sound minerals economy. He said that the Office of Minerals Mobilization had been established in the Interior Department to determine and recommend such a program. Has such a program been developed yet?

Answer. Reports concerning the defense aspects of these minerals have been presented to ODM by the Department of the Interior. The Department should be contacted directly with regard to long-range minerals programs to achieve a sound minerals economy.

Question. Have you used the lending authority under title III for disaster-relief programs?

Answer. Yes. Seven applications for $13 million have been granted. Four other approved applications were withdrawn by the applicants. Two applications were disapproved—one because of no defense relationship and one for credit reasons.

Question. You have asked for an extension of the contracting authority from 1963 to 1965. Will you explain why this is necessary?

Answer. Sufficient time is needed for development of new mineral deposits and to permit deliveries thereafter to the Government for certain minerals, such as nickel. Two additional years would provide time essential for deliveries after completion of development work.

Question. I understand you have about $400 million left under the $2,100 million borrowing authority. Do you anticipate this will be sufficient over a 2-year extension of the act?

Answer. Yes.

Question. If other legislation is enacted drawing upon this sum, what programs would be affected?

Answer. Until the nature of prospective legislation and the extent to which it would draw on available funds are known, it is impossible to estimate effects. Adjustments of existing programs such as nickel, and of new programs to meet potential requirements, particularly for new weapons, would be most affected.

Question. This program is set up on a probable ultimate net-cost basis. Has it been your experience that the estimates of probable ultimate net costs made in the past have been correct?

Answer. Generally the estimates have been correct. Absolute accuracy is impossible because the estimates depend upon a number of variable factors including market price changes. The programs are under constant review and when there is a major change affecting them, the probable ultimate net cost is adjusted to meet the change.

Question. I see from the Federal Reserve System's report to the Joint Committee contained in the 5th annual report of that committee that a few loans are sill being guaranteed under section 301 of the Defense Production Act. I see also that the total of loans outstanding on July 31, 1955, was $295,711,000, of which $224,659,000 was guaranteed and that an additional $211,296,000 was available to borrowers under guaranteed agreements then in force. What agencies have guaranteed loans in the last 6 months or so and what kind of activity do these loans cover?

Answer. Army, Navy, and Air Force for implements of war. GSA for aluminum production. AEC for expansion of facilities to produce lithium.

Question. How many of these loans have been in default?

Answer. AEC, GSA, Air Force, none. Army has 5 million in default. Navy has 3 million in default.

Question. Have there been any cases where the guaranteeing agencies have been called upon to pay out under their guaranties?

Answer. Army paid about $1 million under guaranty. Navy, unknown.

Question. When will you expect this program to terminate?

Answer. Program will be continued until termination of Defense Production Act. Will be used as needed for defense.

Question. Has a profit been made off this program? If so, how much? What do you anticipate it will be by the end of the program?

Answer. It is expected that interest earned or guarantee bank fees will offset any losses and there will be no substantial profit or loss.

Question. Section 302 authorizes loans to private enterprises for the expansion of capacity, development of technical processes or production of essential materials, including the exploration, development and mining of strategic metals and minerals and manufacturing of newsprint. What loans have been made to assist the manufacturer of newsprint?

Answer. None.

Question. Would you say that the specific insertion in 1952 by the Congress of the provision with respect to manufacturing newsprint would authorize you to make loans for this purpose at this time?

Answer. Authority exists if a defense need for the expansion of capacity can be established.

Question. What kinds of loans have been made under section 32 of the last 6 months?

Answer. Disaster loans in New England totaling $13 million.

Question. What has been your experience of repayments of these loans?

Answer. $277 million disbursed, $72 million repaid, $199 million outstanding.

Question. Have the losses been large?

Answer. No. Losses to date estimated at 1.5 million or less than 1 percent of amount disbursed, which is less than the interest earned.

Question. What efforts did you make before appointing the W. O. C. to an operating position to find a person to fill the job on a regular full-time salaried job?

Answer. In filling the position of Assistant Director for Materials at the GS–1 level two lines of inquiry were pursued simultaneously.

1. The Civil Service Commission was requested to name possible candidates for the position from their active files. An ODM screening committee headed by the Deputy Director considered those candidates and found none to be qualified. Their qualifications were personally reviewed by me with the same conclusion.

2. Staff members of ODM were asked to contact qualified persons from private life in order to determine whether anyone so qualified would accept the position on a salaried basis. None were in a position to do so.

The qualifications of a person to fill the position of Assistant Director for Manpower, also at the GS–1 level, are well known to me personally because of my experience with the Civil Service Commission and in establishing and conducting the manpower program of ODM. I was familiar with the people in Washington who might be qualified to handle the job as well as some in private life. After due consideration of all possible candidates I found that it was not possible to fill the position with a qualified man on a salaried basis.

Question. The Chairman of the Civil Service Commisson has said that he does not question the certifications made by the head of a department or agency, and that the supporting statements are reviewed only to assure that they cover the required points. However, apparently no independent evaluation of the need for or qualifications of a WOC will be made by civil service, and no comment will be made on the availability of persons to fill the job on a full-time salaried basis. On the basis of your experience on the CSC during the war, do you think the CSC might be able to make a more meaningful and helpful survey and report? For example, do you think it is too much to ask the CSC to report on whether they find that the individuals chosen are in fact persons of outstanding experience and ability, or whether they agree that no persons are available for the job in a regular full-time salaried status?

Answer. The extent of an audit by the Civil Service Commission is determined only by the resources that are available to it for such purpose. On the basis of my experience on the Civil Service Commission I feel that it should not substitute its judgment for the judgment of the head of the agency in a matter of this kind except when there has been a clear and flagrant violation of the intent of the Congress and the President.

Question. You have proceeded under section 710 (e) of the Defense Production Act to establish an executive reserve?

Answer. Yes.

Question. This is under Executive Order 10660 and DMO 1–21, is it not?

Answer. Yes.

Executive Order 10660

providing for the establishment of a national defense executive reserve

By virtue of the authority vested in me by the Constitution and laws of the United States, including sections 703 (a) and 710 (e) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2153 (a); 2160 (e)), and as President of the United States, it is hereby ordered as follows:

Section 1. There is hereby established in the executive branch of the Government a National Defense Executive Reserve to be composed of persons selected from various segments of the civilian economy and from government to be trained for employment in executive positions in the Federal Government during periods of emergency.

Sec. 2. The Director of the Office of Defense Mobilization is hereby directed to institute and administer the Executive Reserve program; to coordinate the activities of other agencies in establishing units of the Reserve; to provide for appropriate standards of recruitment and training; and to issue necessary rules and regulations in connection with such program.

SEC. 3. The Director of the Office of Defense Mobilization in carrying out his responsibilities under this order may utilize the services of other departments and agencies in the maintenance of agency and centralized rosters and in the development of training programs and materials.

SEC. 4. Heads of departments and agencies of the Government designated by the Director of the Office of Defense Mobilization, after appropriate consultation, are authorized to establish units of the Executive Reserve and to select and designate persons to serve as members of the units.

SEC. 5. Activities of persons by reason of designation as Executive Reservists under this order shall not include acting or advising on any matter pending before any department or agency but shall be limited to reeeiving training for mobilization assignments under the Reserve program. With respect to activities as so limited, reservists who are not full-time Government employees shall be exempt from the operation of sections 281, 283, 284, 434, and 1914 of Title 18, United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99).

SEC. 6. The Director of the Office of Defense Mobilization shall report to the President annually, and at such other times as may be appropriate, on the progress made in the development and operation of the Executive Reserve program.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 15, 1956.*

[F. R. Doc. 56-1338; Filed, Feb. 16, 1956; 3:48 p. m.]

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
February 23, 1956.

DEFENSE MOBILIZATION ORDER I-21

Subject: Providing for a National Defense Executive Reserve.

By virtue of the authority vested in me by section 710 (e) of the Defense Production Act of 1950, as amended, and by Executive Order 10660, of February 15, 1956, establishing a National Defense Executive Reserve, and in order to facilitate the development of the National Defense Executive Reserve program as part of the program for readiness for any future mobilization, it is hereby ordered:

1. Departments and agencies of the exeeutive branch having major mobilization responsibilities are authorized after eonsultation with the Assistant Director for Manpower, Office of Defense Mobilization, to establish units of the Executive Reserve, select and designate members of such units, and institute programs for their training. Each unit of the Executive Reserve shall be civilian and shall be under the supervision of the head of the department or agency, or an official designated by him and responsible to him for the conduct of the program.

2. An Interagency Executive Reserve Committee is hereby established to advise the Director of the Office of Defense Mobilization on the coordination of programs of the several Executive Reserve units, so that a reasonable uniformity in administration, training methods, and adequacy of coverage of mobilization functions can be assured. The Chairman of this Committee shall be designated by the Director of the Office of Defense Mobilization. The members shall be appointed by the Assistant Director for Manpower, ODM, and shall be from among the persons designated to direct the programs in the partieipating agencies.

3. There is also established an Advisory Committee to the Director of the Office of Defense Mobilization drawn from persons in private life to assist him in the furtherance of the program.

4. Members of the Reserve units shall be drawn as appropriate from all segments of the economy; for example, from industry, agriculture, labor, the professions, professional societies, and from private and publie institutions. They may include persons serving in Government on a full- or part-time basis. Reservists shall be persons with broad experience in such important functional areas as production, manpower, transportation, etc., and qualified to partieipate in an executive capacity in such areas in the event of an emergency. The numbers of reservists shall be limited to those for which there is a demonstrable need in essential mobilization functions.

5. Each department and agency shall be responsible for avoiding the issuance of invitations to persons already in the Reserve and avoiding excessive governmental demands on a single employer. To assist the departments and agencies in this responsibility, a central register of Reserve members will be maintained

by the Civil Service Commission for reference. Each department shall notify the Commission of persons designated as members of the Reserve.

6. Each member of the Reserve will be asked to submit a statement of understanding containing:

(1) A statement of the reservist's willingness to attend a course of training at least once a year at Washington or regional points;

(2) A statement of the reservist's immediate availability for assignment in the event of a national emergency barring unforeseen and overriding reasons to the contrary;

(3) The concurrence in (1) and (2) above of the reservist's private employer or, in the case of a government employee, of a responsible official of his agency;

(4) A statement that the Reservist will notify the designating department or agency when his employment or personal status changes in such a manner as to make it unlikely that he would be available for full-time service in the event of national emergency.

7. The degree of security clearance necessary for each Reservist will be determined by the department or agency involved in accordance with existing security standards. The official designation of Executive Reservists will be withheld until such security clearance is obtained.

8. Each department and agency establishing a unit of the Reserve shall establish a training program which shall include, but not be limited to, orientation sessions; continuous and up-to-date information on the Government organization and program planned in the event of mobilization; information to keep the Reservist fully abreast of developments in his field which affect the capacity of the United States to mobilize its resources in an emergency. The training programs will be carried out at Washington and regional levels and will include the actual participation in the testing of mobilization plans at relocation sites. Appropriate manuals or handbooks shall be maintained. The Civil Service Commission shall assist in preparation of these materials as required.

9. With respect to training activities under the Reserve program, Reservists who are not full-time Government employees are exempt in accordance with the provisions of Executive Order 10660 from the operation of sections 281, 283, 284, 434, and 1914 of title 18, United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99). Reservist training within the meaning of this section shall not include advising, consulting, or acting on any matter pending before the department or agency concerned. In the event that proper training of the Reservist who is not a Government employee entails one or more of such activities, he shall be appointed by such department or agency under appropriate authority, including sections 710 (b) and 710 (c) of the Defense Production Act of 1950, as amended. With respect to such activities, exemption from the operation of the conflict of interest statutes will depend upon the provisions of the statute and regulations under which the appointment is made.

10. Each department and agency having a unit of the Executive Reserve shall report annually to the Director of the Office of Defense Mobilization regarding the organization, training, and state of readiness of its Executive Reserve unit, indicating its size, composition, and representation, together with recommendations thereon.

OFFICE OF DEFENSE MOBILIZATION,
ARTHUR S. FLEMMING, *Director.*

Question. Section 5 of the executive order provides that "activities of persons by reason of designation as Executive Reservists under this order shall not include acting or advising on any matter pending before any department or agency but shall be limited to receiving training for mobilization assignments under the Reserve program."

So, if it is necessary for a Reservist to take any action or engage in advising or consulting, he must first be placed in some other status, either a salaried job or a WOC or a consultative position?

Answer. Yes.

Question. Is this made abundantly clear to the Reservists and those he deals with?

Answer. Yes.

Question. For instance, if he becomes a WOC, he will then have to file a statement of his financial interests?

Answer. Yes.

Question. Or, for instance, if he becomes a regular full-time salaried employee, he will be subject to all the conflict of interest statutes?

Answer. Yes.

Question. Under these circumstances, do you think it is necessary or desirable to require Executive Reservists to file a statement of their financial interests?

Answer. No.

Question. Do you think such a requirement would hinder the Executive Reserve program, and might in fact result in more appointments as WOC's and less as Executive Reserves?

Answer. Yes.

Question. What kind of training do the Executive Reservists get; lectures, talks, conferences, or what?

Answer. A variety of methods are used in training Executive Reserves. Some of them serve on various ODM advisory committees and receive information and training through these contacts. Others are brought in periodically for conferences and briefing on mobilization plans and programs. As many as are available participate in the annual Operation Alert conducted by ODM and FCDA with the participation of other departments and agencies.

Since Executive Reservists are men highly qualified in their respective specialties, we try to use the type of training that is best suited to their needs and the time they have available for training activities.

Question. Would it be helpful to have authorization to send the Executive Reserves to the Army War College or to arrange for them to take the Industrial College of the Armed Forces correspondence course on mobilization problems?

Answer. Yes.

Question. Are you familiar with the voluntary agreement on foreign petroleum supply and with the amendments which Judge Barnes discussed in his supplemental report of February 20, 1956?

Answer. Yes.

Question. Was it you who approved the agreement in June 1953 and made the formal request to the participants after the previous foreign oil supply agreement had been terminated by Attorney General McGranery?

Answer. The Director of ODM approved the agreement of June 1953 and made the formal requests to the participants. It should be noted, however, that the earlier agreement was not terminated by Attorney General McGranery, although in January of that year he had requested withdrawal of the requests to participate in that agreement. The early agreement was officially terminated by ODM in April and requests for participation in the new agreement were sent out in June.

Question. In Judge Barnes' February 20 report he stated that Justice "felt operations under the agreement raised real antitrust problems." In his report he pointed out that these operations involved an exchange of information concerning current and future requirements of countries, capacities of various refineries, and information about pipeline systems; and that since the program was run by representatives of the various oil companies, this meant communication of one competitor's production estimates to another. He felt this was particularly undesirable because the 14 agreement members included 5 of the principal defendants and 6 more of the alleged coconspirators, affiliates or subsidiaries of defendants in the Government's cartel suit. In that suit the prime offense alleged, according to Judge Barnes, is a division of world markets aided partially, at least, by information not unlike that discussed under the foreign-oil supply agreement. Do you agree with Judge Barnes that these operations raised real antitrust problems?

Answer. The Congress assigned to the Attorney General the responsibility for approving all voluntary agreements under section 708, presumably so that he could examine the antitrust implications of each proposed agreement. Only his office can appropriately make determinations in this area and we would not feel competent to express an opinion on those specialized problems.

Question. In Judge Barnes' report he said that the agreement would be terminated unless certain amendments were made which I understand you and Interior and Defense have agreed to. Has the agreement been changed to incorporate these agreements?

Answer. The foreign petroleum supply agreement, as amended in accordance with the suggestions of the Attorney General, has been submitted to his office for approval. That approval has just been received and letters requesting participation in the amended agreement will be sent to participants in the very near future.

Question. I understand one of these amendments is to eliminate the oil company employees of the committee and to require that all persons working on the agreement, except members of the committee themselves, will be full-time salaried Government employees. Is this correct?

Answer. The amended agreement provides that the chairman of the Foreign Petroleum Supply Committee and the chairman of each subcommittee shall be a full-time salaried employee of the United States Government. It also provides that the chairman "shall maintain such staff and other persons appointed by the Administrator as may be requisite to discharge the duties and functions conferred upon him pursuant to this agreement. The staff and other appointees shall be employees of the United States Government."

Question: I have a copy of Platt's Oilgram for March 30, 1956. This states that the New York staff of the Foreign Petroleum Supply Committee will be back in business on April 2 as Government employees. It then states that the staff has been retained only on a 90-day basis and will be supplanted by a still to be recruited Washington staff once it clears up its work. Does this mean that the oil company employees who formerly were working under the agreement and were criticized by Judge Barnes are still engaged on this work?

Answer. We have not seen Platt's Oilgram of March 30, 1956, but Interior Department informs us that the facts concerning the New York staff for the committee are as follows:

The oil companies employed people with specialized knowledge to do the staff work on the committee reports. At the time the Attorney General suggested amendments to the agreement most of the work on two voluminous reports had been completed and it was desirable that the staff familiar with them should complete the work. In order to follow the spirit of the proposed amendment those staff employees were hired by the Department of the Interior on a salaried basis.

Question. The Defense Production Act amendments of 1955 required the Attorney General to review outstanding agreements within 90 days after the enactment of the amendments on August 9. The Attorney General was unable to reach any conclusion on the foreign oil supply agreement and the tanker capacity agreement until February 20, 1956, more than 6 months from August 9. Can you give us any explanation for this delay?

Answer. The time consumed in revising the foreign petroleum supply agreement and the tanker capacity agreement in accordance with the Attorney General's views can be attributed to the complicated assessment of the defense and antitrust factors assigned to him by the statute. In order to weigh the effect of these factors the Attorney General was required to collect and study extensive information on the defense aspects of these agreements with which he was naturally not familiar. He recognized the importance of these factors, and the process of developing amendments which would give due weight to them and still meet his antitrust objections was time consuming.

Question: In Judge Barnes' supplementary report of February 20, he said the part of the foreign petroleum supply agreement relating to the preparation of plans of action for allocating petroleum supplies was inactive at the present time and would be left in force pending receipt of any future plan of action, which would have to be submitted to the Attorney General for approval. In his report he also said that the voluntary agreement relating to tanker capacity was also not being used at the present time and would be retained in standby condition. The 1955 amendments to the Defense Production Act limited future voluntary agreements to agreements relating to military procurement. Don't you think that the prohibition on future nonmilitary voluntary agreements would apply to future allocation programs under the foreign oil supply agreement and the tanker capacity supply agreement?

Answer. We do not believe that the prohibition in the amended statute against future nonmilitary voluntary agreements would apply to the emergency allocation programs under the foreign petroleum supply agreement and the tanker capacity agreement. The Attorney General obviously would not have approved the amended agreements with those emergency provisions had he not been convinced that the Congress considered the emergency provisions to be an integral part of agreements duly approved prior to the enactment of the Defense Production Act amendments of 1955. Emergency agreements under those provisions would not be new agreements within the meaning of section 708.

Senator FREAR. Do you have other statements that you would like to make?

Dr. FLEMMING. I do not have anything further to present, Mr. Chairman.

Senator FREAR. May I assure you again that we are happy to have you here this morning, Dr. Flemming, giving us the opportunity of presenting our questions to you. Thank you very much.

The subcommittee will stand in recess until Wednesday morning at 10 a. m.

(Whereupon, at 11:48 a. m., the subcommittee recessed, to reconvene at 10 a. m., Wednesday, April 25, 1956, in room 301, Senate Office Building.)

(The material referred to on p. 21 follows:)

DEFENSE PROCUREMENT AND SMALL BUSINESS

Report to the President and to the Congress by Office of Defense Mobilization

This report is submitted pursuant to section 5 of the Defense Production Act Amendments of 1955.

This section requires the Office of Defense Mobilization to investigate the distribution of defense contracts with particular reference to the share of such contracts which has gone and is now going to small business, and to make a report to the President and the Congress, within 6 months, containing the following:

(i) A full statement of the steps taken by the Office of Defense Mobilization in making investigations required by this subsection;

(ii) The findings of the Office of Defense Mobilization with respect to the share of procurement which has gone and is now going to small business;

(iii) A full and complete statement of the actions taken by the Office of Defense Mobilization and other agencies to increase such small business share;

(iv) A full and complete statement of the recomemndations made by the procurement agencies and other agencies consulted by the Office of Defense Mobilization; and

(v) Specific recommendations by the Office of Defense Mobilization for further action to increase the share of procurement going to small business.

(i) *A full statement of the steps taken by the Office of Defense Mobilization in making investigations required by this subsection*

Upon passage and approval of the Defense Production Act Amendments of 1955, the Director of the Office of Defense Mobilization communicated with the agencies most directly concerned with defense procurement requesting them to appoint representatives to work together on this problem with the representative of the Office of Defense Mobilization. The following agencies were contacted: Department of Defense (including the military departments), Small Business Administration, Department of Commerce, Atomic Energy Commission, and General Services Administration.

The scope of the required report was examined by this group of representatives and agreed upon. Each agency was requested to submit an outline of the material, including statistical data, which it could provide within its area of concern. These outlines were received and approved and in the course of time the data was submitted by the agencies to the Office of Defense Mobilization. Numerous informal discussions were held, representatives of the agencies clarified points of issue and data submitted, and appropriate additional material was requested and supplied. Representatives of the Department of Defense and the Small Business Administration were of assistance in analysis of the statistics, the background of each problem, and the administrative policies and procedures which had been adopted. Discussions were also held with representatives of the Bureau of the Budget and the Department of the Interior and the Department of Agriculture.

Representative private small-business associations were asked to submit their recommendations on how the small-business share of defense procurement might be increased. The replies received were considered carefully.

All of the recommendations which had been received from all sources were discussed at another joint meeting of representatives of the agencies so that their points of view might be obtained with respect to them. The Office of Defense Mobilization staff then prepared this report for submission as required.

(ii) The findings of the Office of Defense Mobilization with respect to the share of procurement which has gone and is now going to small business

Defense procurement is one important aspect of the problem of maintaining a healthy small business segment of our economy. The major purchaser of materials for the Government is the Department of Defense. Its primary responsibility as a purchaser is obtaining military goods of high quality, expeditiously, and at the lowest cost.

The economic impact of this procurement has become so substantial in recent years that a secondary responsibility has emerged—that is to assure that the effect of military purchasing does not alter historic economic patterns by strengthening large industries at the expense of small. The Small Business Administration, with respect to procurement, can advise and assist, but the Defense Department's responsibility for actual procurement basically controls the solutions to the problem. The emergence of the problem of the economic impact of defense purchasing has made necessary a relatively recent recognition by the Defense Department of its responsibility and its acceptance of this responsibility.

The definition of "small business" used here is that designated by the Small Business Administration for use in procurement and upon which the statistical data has been based over the past 5 years—a business employing, including employees of affiliates, fewer than 500 persons. The definition is obviously arbitrary. What is small for one industry, e. g., aircraft, may be large in another. The difficulties created by the necessity of a compromise definition have been recognized. Small Business Administration recently published a more flexible proposed definition in the Federal Register which is still tentative. To qualify as a small-business concern for this purpose, the criteria set out below must be met. It must—

(*a*) Be nondominant in its field of operation; and

(*b*) Employ fewer than 500 employees, including the employees of all affiliates; or

(*c*) Have been certified as a small business by the Small Business Administration.

The statistical data, set forth in detail below, is suggestive of trends and orders of magnitude in major procurement areas. In our opinion they have been collected over too short a period of time to justify clear conclusions as to small business' legitimate share in defense procurement, or how it may be expected that this share will readily be increased. This is especially clear in connection with the subcontracting problem and even in attempting to ascertain the comparative effects of advertising versus negotiation in the placing of contracts. As there is no ready solution, only a trial and error method of accomplishing the desired results is feasible.

Defense Department procurement.—The gross figures indicate that small business has received 19.1 percent of Defense Department prime contracts placed in this country over the past 5 full fiscal years. New procurement, at least over the last 2 full fiscal years, has been maintained at a rate of about 18 percent. The figures indicate that over this period no appreciable progress has been made in expanding small business' share but that this varies from year to year depending on the volume of procurement and the product mix.

Short-term figures may receive an emphasis disproportionate to their significance. An illustration of this is the fiscal year 1954 figures on net procurement. In fiscal year 1952 and fiscal year 1953 the net value of Defense Department procurement was $41,248,900,000 and $28,394 million. In fiscal year 1954 this procurement dropped to $11,563 million. There were heavy cancellations and terminations; and this combination resulted in a high percent of small-business procurement. The volume of procurement of housekeeping items, most readily obtained from small business, tends to be more constant than that of complex weapons which are generally supplied by larger concerns. Thus the small business percentage share tends to be higher in times of diminished procurement and lower in times of heavy procurement.

Variations in rates of cancellations and other credit actions obscure the meaning of net awards figures unless such cancellations are related back to the years in which contracts were originally placed. This is because cutbacks more often take place in connection with large contracts for expensive and complicated weapons placed with larger concerns. No practical method has thus far been devised by the Defense Department for reallocating cancellations retroactively to the period of the original debit action because the obligations are a legal commitment of the Government until actually canceled and also because a single can-

cellation often relates to several purchase actions made at different periods of time. Over a long period this will of course, average out, but in a period of sharply diminishing new procurement the impact of cancellations on the small business percentage may be significant. Thus, in fiscal year 1954 cancellations reached a rate of 31.3 percent (as compared with 20.4 percent in fiscal year 1955)—a factor contributing to a statistically high percentage share, though smaller dollar amount, awarded to small business in fiscal year 1954 than in fiscal year 1955.

Discussion of the small business percentage share immediately suggests the question of what is a "fair"share. Census surveys indicate that between 1947 and 1951, the percentage of manufacturing employees who worked for companies employing fewer than 500 persons decreased from 41.6 to 40.8 percent of the total, and a continuation of this trend in 1952 has been noted. The value added by manufacture by such firms dropped from 38.8 to 34.8 percent of the total value added by all manufacturing concerns. It should be noted that these figures include production of materials and parts that would be comparable to military subcontract work. The percentage of finished products might well be less. The productive capacity of small business, defined as firms employing fewer than 500 persons, represents a decreasing proportion of the total, at least during that period. It is thus necessary to place an increasing share of Government procurement with this decreasing proportion to obtain a break-even record of the total share going to small business.

These apparently small percentage differences conceal that the order of magnitude in dollar volume is large. Variations not only in volume and product mix of procurement, but also in credit actions, are capable of producing variations of several percentage points of the total procurement, and more in combination. What annual percentage increase in the total awards to small business it is reasonable to expect is clearly debatable. At present rates of procurement of $14 billion per year, a 1-percent gain represents $140 million. Sudden and dramatic changes at least are not to be expected. Defense Department figures indicate that small business receives 72 percent of what is within its potential to produce. Dividing this percentage into the 19 percent overall gross procurement figure suggests that this potential is somewhere in the range of 25 to 30 percent, varying with the product mix and the volume. That this is reasonable is indicated by the fact that in the hard-goods field, in which substantial procurement takes place, the proportion of total output accounted for by small firms is between 25 to 30 percent.

The trend toward more complicated weapons in a period of rapid technological development, and the consequent acceptance of the weapons-system concept—by which one major prime contractor is made responsible for the delivery of the finished product—has created a noticeable tendency to place the responsibility for the development and production of such weapons in the hands of major producers. This, in turn, suggests that the small-business share in prime-contract awards will be reduced while it concomitantly places greater emphasis on the need for a compensatory subcontracting program. There is some evidence that renegotiation policies, which penalize concerns with substantial subcontracting programs, run counter to this objective.

The obvious problem is the gradual increase in small-business participation in the procurement process by locating new sources of production, as prime and subcontractors, by breaking down procurement and simplifying procedures so that it is easier for small business to compete on a negotiated or competitive bid basis.

Expectation of dramatic results will inevitably be disappointing. The gradual trial and error process will bring the most satisfactory results in the long run, and in this respect the Defense Department, with the assistance of the Small Business Administration, has been making progress. The Department's improved liaison with the Small Business Administration, its broadened set-aside program, its programs to indoctrinate contracting officers and others responsible for procurement, its attempts to simplify procedures, its limiting procurement on emergency basis, are solid gains in the desired direction. Time is obviously necessary to test the effectiveness of these new programs. In the meantime other steps might be taken, as suggested in the recommendations.

Prime contracts.—We find that during the 5 fiscal years of 1951 through 1955 small business has received an average 19.1 percent of the total of Defense Department prime-contract procurement. The percentages and net value of procurement for each of these years are set forth below:

TABLE 1.—*Military prime contracts with business firms for work in the United States*

[Net value in millions]

	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Average
Total	$30,785	$41,248	$28,394	$11,563	$14,752	$25,348
Small business	$6,436	$7,064	$4,608	$2,901	$3,214	$4,845
Percentage	20.9	17.1	16.2	25.1	21.8	19.1

Source: Department of Defense.

The share of defense procurement going to small business in terms of new business will be more readily understood by examination of the following table:

TABLE 2.—*Military prime contracts with business firms for work in the United States—Value of new procurement actions, cancellations, and net value of procurement actions with all firms and small firms, by 6-month periods, January 1953 to June 1955*

[Amounts in millions]

Type of action and small business actions	1953		1954		1955,
	January to June	July to December	January to June	July to December	January to June
New procurement (debit actions):					
With business firms, total	$20,922	$6,573	$10,270	$7,966	$10,564
With small business firms	$2,977	$1,225	$1,851	$1,268	$2,063
Small business percentage	14.2	18.6	18.0	15.9	19.5
Cancellations (credit actions):					
With business firms, total	$2,633	$2,329	$2,951	$1,859	$1,919
With small business firms	$150	$73	$102	$46	$71
Net total value:					
With business firms, total	$18,289	$4,244	$7,319	$6,107	$8,645
With small business firms	$2,827	$1,152	$1,749	$1,222	$1,992
Small business percentage	15.5	27.1	23.9	20.0	23.0

Source: Department of Defense, Office of Assistant Secretary of Defense (Supply and Logistics), Oct. 4, 1955.

It will be noted that new small-business procurement has declined though not significantly, between the last 2 full fiscal years, as follows: 18.3 percent in fiscal year 1954; 17.9 percent in fiscal year 1955.

Based on the net total of all actions represented in table 3 during fiscal years 1953 through 1955, small business has received an average of 16.3 percent of the net value of procurements of $10,000 and over and 65 percent of procurement of $10,000 and under. It must be pointed out, however, that actions under $10,000 include purchases from distributors which may or may not represent small-business production.

TABLE 3.—*Department of Defense military prime contracts with business firms for work in the United States—Number and value of procurement actions over and under $10,000, fiscal years 1953-55*

Category	Number			Net value (millions)		
	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Total	2,795,142	2,792,473	3,319,490	$28,394	$11,563	$14,752
$10,000 and over	83,325	48,404	74,485	27,134	10,268	13,608
Under $10,000	2,711,817	2,744,069	3,245,005	1,260	1,295	1,144
Small business firms	2,096,167	2,124,931	2,587,120	4,608	2,901	3,214
$10,000 and over	43,885	24,837	34,858	3,776	2,086	2,455
Under $10,000	2,052,282	2,100,094	2,552,262	832	815	759
Large business firms	698,975	667,542	732,370	23,786	8,662	11,538
$10,000 and over	39,440	23,567	39,627	23,358	8,182	11,153
Under $10,000	659,535	643,975	692,743	428	480	385

Source: Office of the Assistant Secretary of Defense (Supply and Logistics), Oct. 21, 1955.

Table 4 outlines the percent of net total value of procurement actions awarded to small business firms for fiscal years 1951–55.

TABLE 4.—*Military prime contracts with business firms for work in the United States—Percent of net total value of procurement actions awarded to small business firms, fiscal years 1951–55*

Category	Small business percentage of net total value					
	Total	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
All actions	19.1	20.9	17.1	16.2	25.1	21.8
Army	30.5	29.8	21.2	36.5	76.5	42.6
Navy	20.4	16.9	23.3	19.9	21.7	19.1
Air Force	7.1	9.9	5.8	4.3	10.0	9.3
ASPPA [1]	11.8	5.1	8.1	14.2	15.8	15.1
Actions of $10,000 and over	(2)	(2)	(2)	13.9	20.3	18.0
Army	(2)	(2)	(2)	32.5	87.2	38.1
Navy	(2)	(2)	(2)	18.3	19.2	16.3
Air Force	(2)	(2)	(2)	3.4	8.0	6.8
ASPPA [1]	(2)	(2)	(2)	14.2	15.7	15.0
Actions of less than $10,000	(2)	(2)	(2)	66.0	62.9	66.3
Army	(2)	(2)	(2)	67.8	63.3	68.9
Navy	(2)	(2)	(2)	61.6	62.0	62.0
Air Force	(2)	(2)	(2)	64.8	62.9	64.1
ASPPA [1]	(2)	(2)	(2)	48.0	57.8	44.5

[1] Armed Services Petroleum Purchasing Agency.
[2] Not available.

Source: Department of Defense, Office of the Assistant Secretary of Defense (Supply and Logistics), Nov. 21, 1955).

The higher percentages reported by the Army are understandable in terms of the composition of its procurement, in which are included construction and subsistence items. In addition, the Army buys many of these items for the other military departments. It will be noted that in fiscal year 1954, the Army percentage awarded to small business was 76.5 percent—an extraordinary figure by comparison with other years and services. As indicated earlier, this reflects substantial cutbacks in heavy military equipment and a consequent change in the procurement product mix with emphasis on housekeeping and subsistence items which are especially appropriate for small business procurement. The follow-

ing chart (No. 1) indicates the value of procurement awarded to small business, and its relationship to total procurement by the technical services within the Department of the Army. These charts also reflect that the shifts in the size of the various programs and in small business share are different. This difference or variation affects the overall percentage of procurement from small business and makes difficult a selective evaluation.

Analysis of small business percentage by procurement programs in terms of net value of procurement actions of $10,000 and over for fiscal years 1953 through 1955 is shown in chart 2. It is to be noted that the major dollar volume of procurement is on the bottom half of the chart, e. g., aircraft, ships, etc.

Advertising and negotiation.—Much has been said about awards to small business through the machinery of advertising and negotiation. Table 5 breaks down the Department of Defense military prime contracts on the basis of the number and net value of advertised and negotiated procurement actions for the 5 fiscal years 1951 through 1955.

TABLE 5.—*Department of Defense Military prime contracts with business firms for work in the United States—Number and value of advertised and negotiated procurement actions by fiscal year, fiscal years 1951–55*

Category	Number					Net value (millions)				
	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Total	2,570,342	3,046,976	2,795,142	2,792,473	3,319,490	$30,785	$41,248	$28,394	$11,563	$14,752
Advertised	179,124	189,181	210,240	202,128	250,627	3,720	4,479	3,089	1,789	2,386
Negotiated	2,391,218	2,857,795	2,584,902	2,590,345	3,068,863	27,065	36,769	25,305	9,774	12,366
Small business firms	1,875,920	2,234,439	2,096,167	2,124,931	2,587,120	6,436	7,064	4,608	2,901	3,214
Advertised	133,805	146,727	171,074	169,935	210,269	1,799	2,545	2,035	1,150	1,501
Negotiated	1,742,115	2,087,712	1,925,093	1,954,996	2,376,851	4,637	4,519	2,573	1,751	1,713
Large business firms	694,422	812,537	698,975	667,542	732,370	24,349	34,184	23,786	8,662	11,538
Advertised	45,319	42,454	39,166	32,193	40,358	1,921	1,934	1,054	639	885
Negotiated	649,103	770,083	659,809	635,349	692,012	22,428	32,250	22,732	8,023	10,653

Source: Office of the Assistant Secretary of Defense (Supply and Logistics), Nov. 2, 1955.

Tables 6, 7, and 8 disclose similar information with respect to the several military departments.

TABLE 6.—*Department of the Army military prime contracts with business firms for work in the United States—Number and value of advertised and negotiated procurement actions by fiscal year, fiscal years 1951–55*

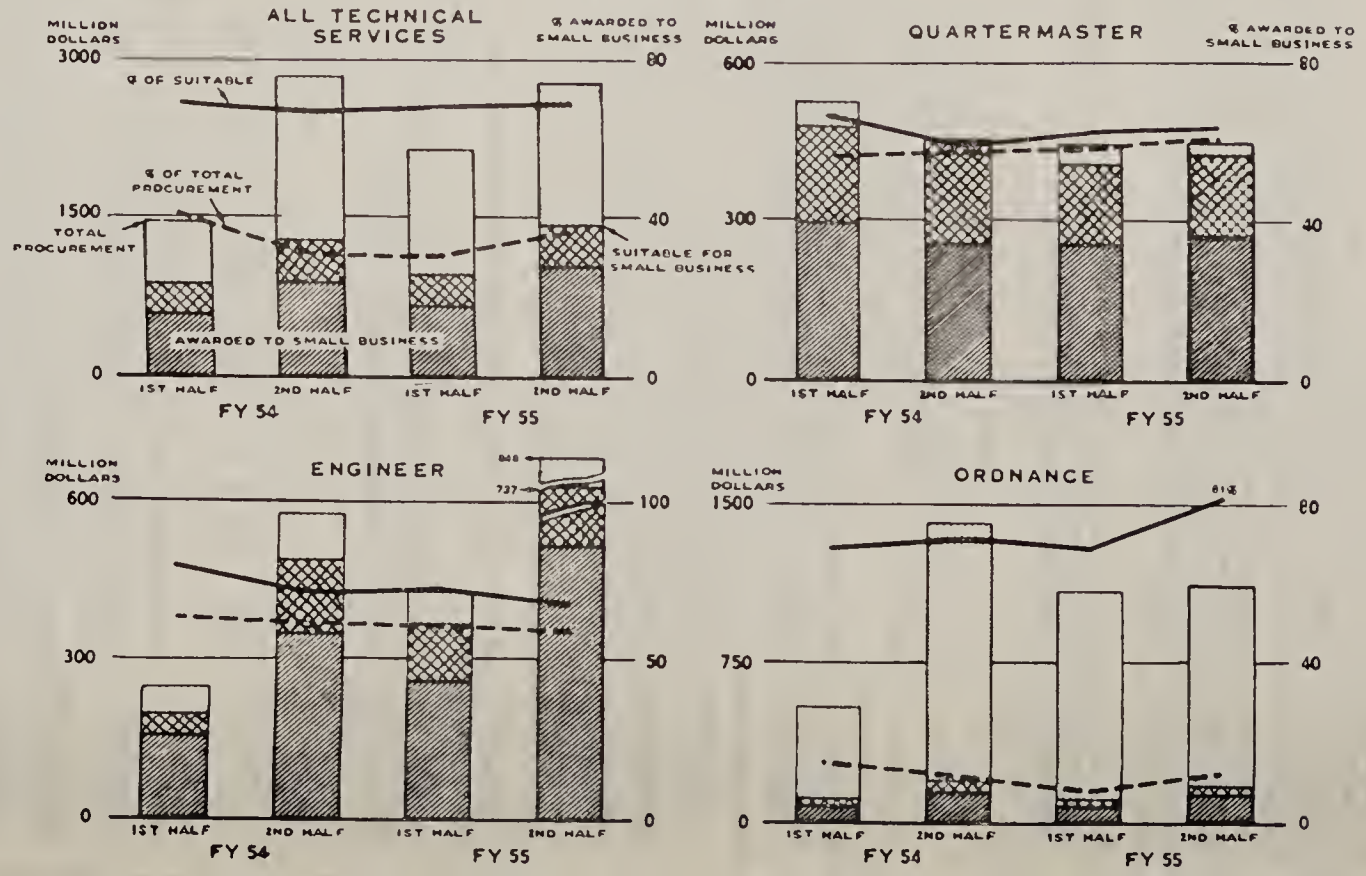
Category	Number					Net value (millions)				
	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Total	1,358,869	1,519,022	1,353,662	1,330,399	1,561,689	$14,631	$18,704	$7,077	$1,946	$4,302
Advertised	104,893	117,522	115,047	95,175	120,424	2,680	3,293	2,153	1,117	1,584
Negotiated	1,253,976	1,401,500	1,238,615	1,235,224	1,441,265	11,951	15,411	4,924	829	2,718
Small business firms	1,029,805	1,162,101	1,034,926	1,018,348	1,232,875	4,362	3,960	2,583	1,488	1,834
Advertised	77,718	90,851	92,829	79,551	103,971	1,251	1,757	1,315	682	999
Negotiated	952,087	1,071,250	942,097	938,797	1,128,904	3,111	2,203	1,268	806	835
Large business firms	329,064	356,921	318,736	312,051	328,814	10,269	14,744	4,693	476	2,468
Advertised	27,175	26,671	22,218	15,624	16,453	1,429	1,536	838	435	585
Negotiated	301,889	330,250	296,518	296,427	312,361	8,840	13,208	3,655	23	1,883

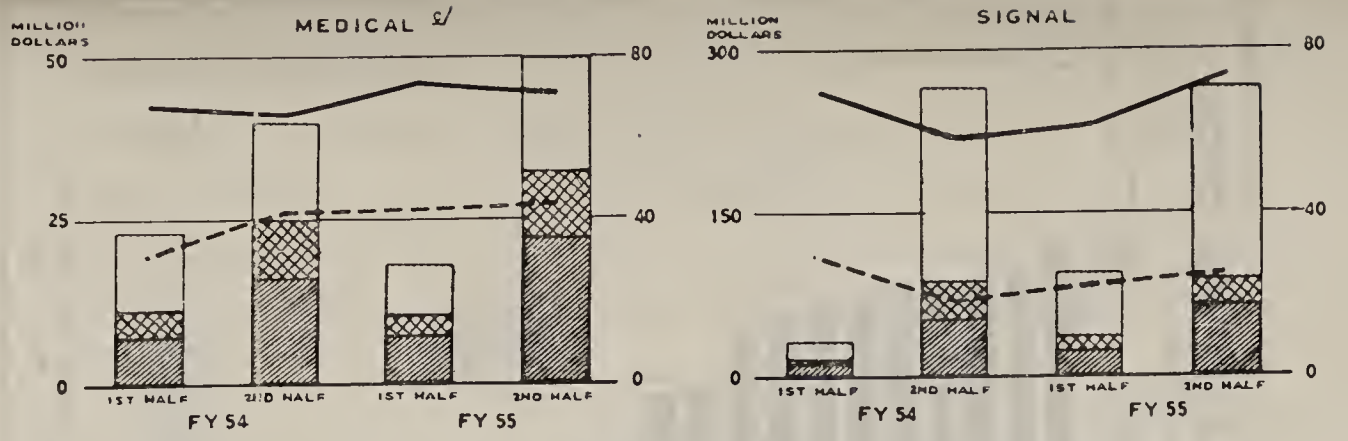
Source: Office of the Assistant Secretary of Defense (Supply and Logistics), Nov. 2, 1955.

VALUE OF PROCUREMENT [a] AWARDED TO SMALL BUSINESS AND RELATION TO TOTAL PROCUREMENT [b]

CHART 1

TECHNICAL SERVICE PORTION





a/ New procurement in U.S. and Territories, excluding Intragovernmental
b/ Data from DA Form 377, Monthly Summary of Procurement Actions.
c/ Includes Armed Services Medical Procurement Agency.

Source: Director of Supply Operations (Proc. Div.)

76559—56—5

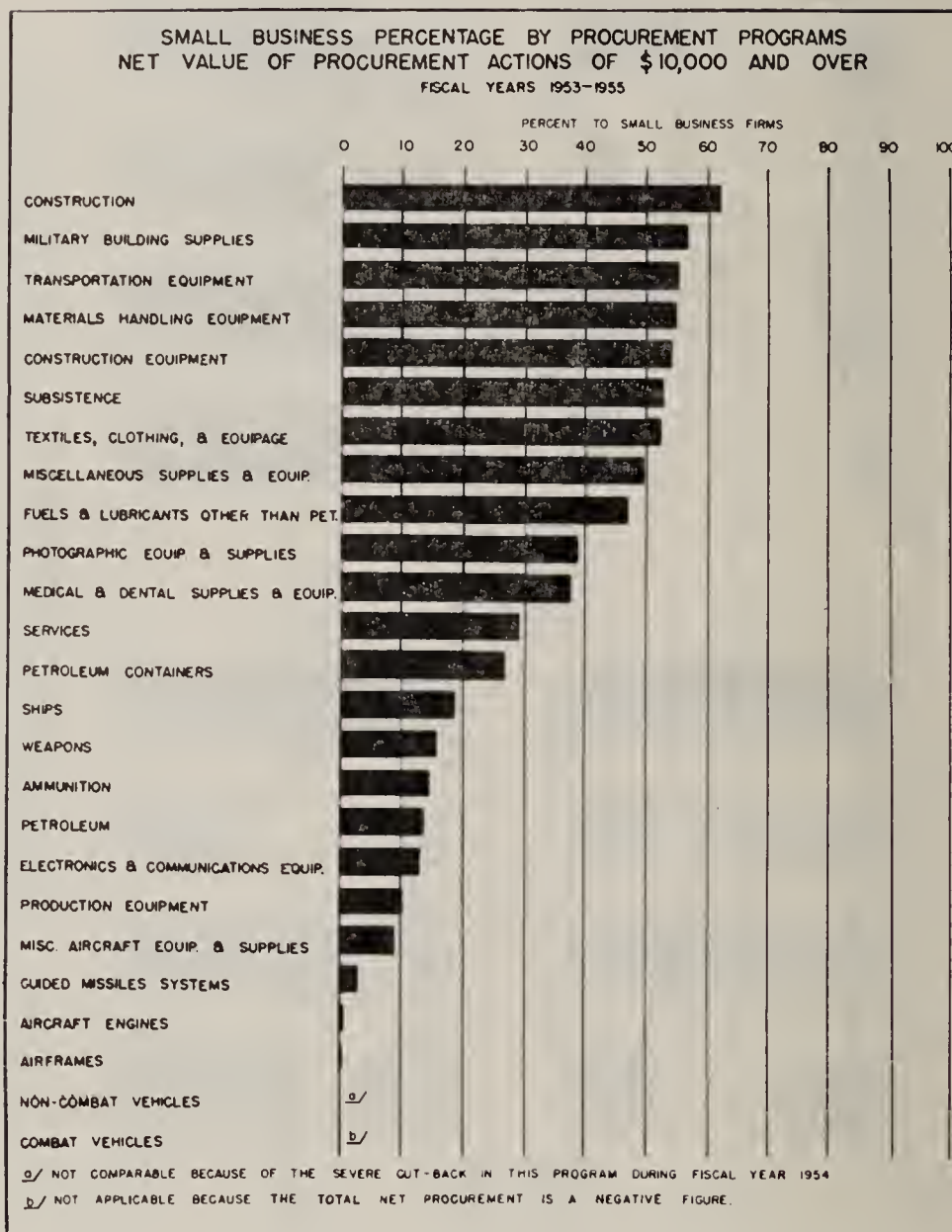

SMALL BUSINESS PERCENTAGE BY PROCUREMENT PROGRAMS
NET VALUE OF PROCUREMENT ACTIONS OF $10,000 AND OVER
FISCAL YEARS 1953–1955
PERCENT TO SMALL BUSINESS FIRMS
0
10
20
30
40
50
60
70
80
90
CONSTRUCTION
MILITARY BUILDING SUPPLIES
TRANSPORTATION EQUIPMENT
MATERIALS HANDLING EQUIPMENT
CONSTRUCTION EQUIPMENT
SUBSISTENCE
TEXTILES, CLOTHING, & EQUIPAGE
MISCELLANEOUS SUPPLIES & EQUIP.
FUELS & LUBRICANTS OTHER THAN PET.
PHOTOGRAPHIC EQUIP. & SUPPLIES
MEDICAL & DENTAL SUPPLIES & EQUIP.
SERVICES
PETROLEUM CONTAINERS
SHIPS
WEAPONS
AMMUNITION
PETROLEUM
ELECTRONICS & COMMUNICATIONS EQUIP.
PRODUCTION EQUIPMENT
MISC. AIRCRAFT EQUIP. & SUPPLIES
GUIDED MISSILES SYSTEMS
AIRCRAFT ENGINES
AIRFRAMES
NON-COMBAT VEHICLES
a/
COMBAT VEHICLES
b/
a/ NOT COMPARABLE BECAUSE OF THE SEVERE CUT-BACK IN THIS PROGRAM DURING FISCAL YEAR 1954
b/ NOT APPLICABLE BECAUSE THE TOTAL NET PROCUREMENT IS A NEGATIVE FIGURE.

Chart 3 sheds some additional light on the comparative dollar volume of expenditures for major procurement and production -- categories of items which are similar to, though not precisely comparative with these programs.

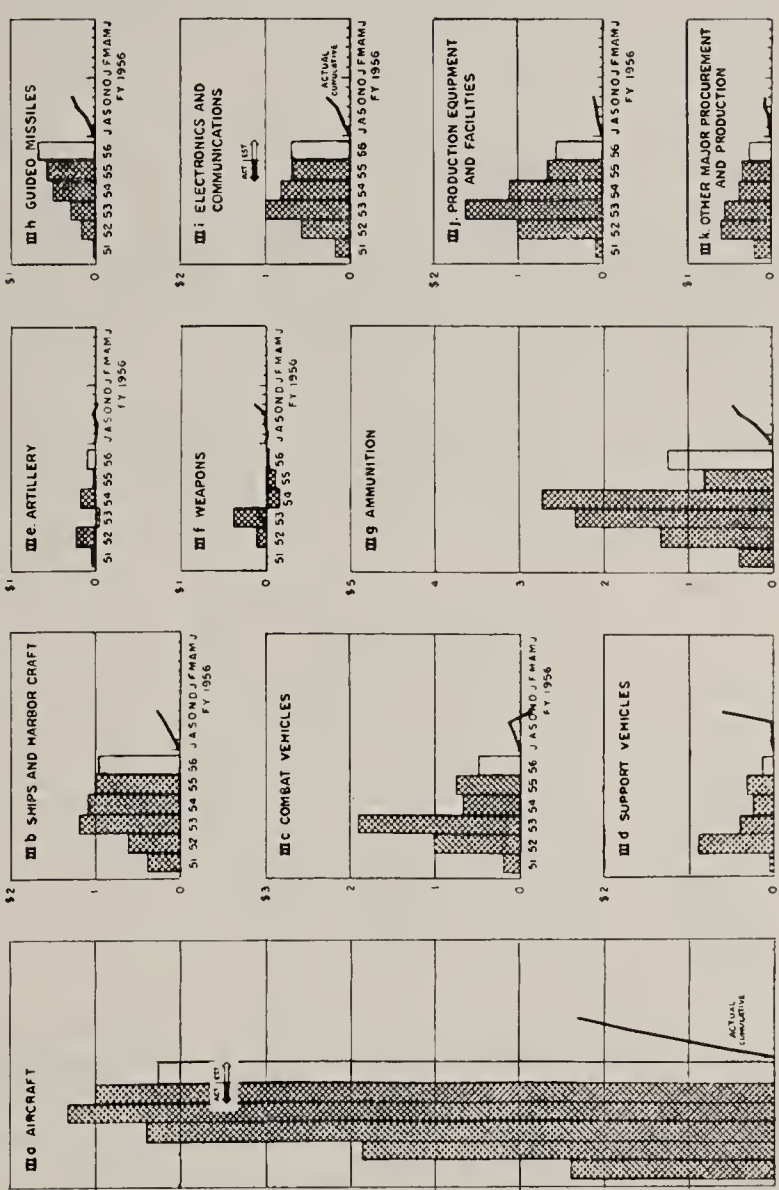


TABLE 7.—*Department of the Navy military prime contracts with business firms for work in the United States—Number and value of advertised and negotiated procurement actions by fiscal year, fiscal years 1951–55*

Category	Number					Net value (millions)				
	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Total	675,178	776,419	661,670	627,923	749,893	$7,082	$10,172	$6,707	$3,640	$3,922
Advertised	50,363	43,849	52,506	55,796	61,528	736	960	714	425	474
Negotiated	624,815	732,570	609,164	572,127	688,365	6,346	9,212	5,993	3,215	3,448
Small business firms	466,312	532,390	473,813	457,906	552,079	1,194	2,375	1,333	790	750
Advertised	38,089	34,662	43,954	45,644	47,951	427	665	560	332	317
Negotiated	428,223	497,728	429,859	412,262	504,128	767	1,710	773	458	433
Large business firms	208,866	244,029	187,857	170,017	197,814	5,888	7,797	5,374	2,850	3,172
Advertised	12,274	9,187	8,552	10,152	13,577	309	295	154	93	157
Negotiated	196,592	234,842	179,305	159,865	184,237	5,579	7,502	5,220	2,757	3,015

Source: Office of the Assistant Secretary of Defense (Supply and Logistics), Nov. 2, 1955.

TABLE 8.—*Department of the Air Force military prime contracts with business firms for work in the United States—Number and value of advertised and negotiated procurement actions by fiscal year, fiscal years 1951–55*

Category	Number					Net value (millions)				
	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955	Fiscal year 1951	Fiscal year 1952	Fiscal year 1953	Fiscal year 1954	Fiscal year 1955
Total	535,531	750,480	778,675	833,375	1,006,593	$8,702	$11,943	$14,034	$5,556	$6,170
Advertised	23,498	27,412	42,466	50,846	68,078	179	144	214	150	197
Negotiated	512,033	723,068	736,209	782,529	938,515	8,523	11,799	13,820	5,406	5,973
Small business firms	379,500	539,464	586,949	648,312	801,555	861	695	609	557	576
Advertised	17,818	20,969	34,153	44,577	58,030	110	103	156	105	148
Negotiated	361,682	518,495	552,796	603,735	743,525	751	592	453	452	428
Large business firms	156,031	211,016	191,726	185,063	205,038	7,841	11,248	13,425	4,999	5,594
Advertised	5,680	6,443	8,313	6,269	10,048	69	41	58	45	49
Negotiated	150,351	204,573	183,413	178,794	194,990	7,772	11,207	13,367	4,954	5,545

Source: Office of the Assistant Secretary of Defense (Supply and Logistics), Nov. 2, 1955.

With respect to Army procurement it will be noted that of the net total value 23 percent of the contracts were placed by advertising and competitive bidding, and 77 percent were negotiated. Furthermore, of the net total advertised, small business was awarded 55 percent and of the net total negotiated the awards total 23 percent. In the case of the Navy, of the net total 11 percent was placed by advertisement and 89 percent by negotiation. Further, of the net total advertised small business was awarded 70 percent as compared with 11 percent awarded to small business from the portion negotiated. In the case of the Air Force, of the total procurement over a 5-year period only 2 percent was placed by advertisement and 98 percent was placed by negotiation. Of the net total advertised by Air Force small business was awarded 70 percent in value of the contracts and of the 98 percent negotiated small business was awarded 5 percent.

These figures convey the implication that small business does better when the machinery of advertising and competitive bidding is used. This may, indeed, be the case. But an analysis of more statistical data than is currently available is necessary for the purpose of determining realistically the extent to which the negotiation process favors larger business concerns.

In this connection, it appears that many small actions are negotiated, as well as actions in the sole or limited source category, for which the advertisement process would be too cumbersome and costly. This accounts for a large number, although probably not a large dollar volume, of procurement actions. At the other extreme, there are many large experimental products to be developed for which the specifications are neither certain nor complete and which cannot be broken down to be made suitable for awards to small business. The partial joint determination program, about which more will be said below and which provides for setting aside certain procurement deemed within the small business potential, is itself a negotiated process. Even in the processing of total set-asides, a form of restricted advertising is used, which is a form of negotiated procurement.

It appears, further, that often the same bidders' lists are used for advertising and for negotiation, the difference being that in the one case those on the list are asked if they want to bid, whereas, in negotiation, those on the list are requested to submit proposals. There is, in actual fact, little difference in the publicity which surrounds these actions. The major difference is that in negotiation it is not necessary to accept the lowest bid and an effort can be made to obtain a better offer, price, and other factors considered. As a matter of practice, on the other hand, it is hard to determine whether the bidders' lists are compiled and used as was intended. In all probability advertising is used when an adequate number of competitive sources are known to be available and negotiation when they are not. Thus the considerations that tend to use of the advertising process—the existence of a variety of sources—in themselves tend to publicity.

The following table, covering fiscal year 1955, may have some significance.

TABLE 9.—*Military prime contracts with business firms for work in the United States—Net value of advertised and negotiated procurement actions, by Department and by type of procurement, July 1954 to June 1955*

[Amounts in millions]

Department and type of procurement	Total	Suitable for small business		Awarded to small business		
		Amount	Percent of (b)	Amount	Percent of (b)	Percent of (c)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
Total	$14,752	$4,642	31.5	$3,214	21.8	69.2
Advertised	2,386	2,024	84.8	1,501	62.9	74.2
Negotiated	12,366	2,618	21.2	1,713	13.9	65.4
Army, total	4,302	2,730	63.4	1,834	42.6	67.2
Advertised	1,584	1,387	87.5	999	63.0	72.0
Negotiated	2,718	1,343	49.4	835	30.8	62.2
Navy, total	3,922	1,017	25.9	750	19.1	73.7
Advertised	474	396	83.5	317	66.9	80.1
Negotiated	3,448	621	18.0	433	12.6	69.7
Air Force, total	6,170	818	13.3	576	9.3	70.4
Advertised	197	185	93.9	148	75.1	80.0
Negotiated	5,973	633	10.6	428	7.2	67.6
ASPPA, total	358	77	21.5	54	15.1	70.1
Advertised	131	56	42.7	37	28.2	66.1
Negotiated	227	21	9.3	17	7.5	81.0

Source: Office of Assistant Secretary of Defense (Supply and Logistics).

It will be noted that of the amount deemed suitable for performance by small business and which was awarded by advertising, 74.2 percent was awarded to small business: and of the amount deemed within the small business potential and awarded by negotiation, 65.4 percent was awarded to small business. The percentages shown for the Army, Navy, Air Force, and ASPPA reveal a lesser

disparity between the amounts placed by advertising and by negotiation than appears from overall figures which include big dollars not in the potential, with a larger percentage of awards by negotiation to large business. In fiscal year 1954 the percentages were 78.1 by advertising and 67.4 by negotiation.

These qualifications are cited to indicate the possibility that the question of advertisement versus negotiation and its effects on small business awards requires a good deal more scrutiny before general conclusions can be arrived at and more statistical data along these lines will have to be obtained before such conclusions can be reached. It may well be that the major problem lies in broadening present determinations as to which concerns should be considered potential suppliers, for various programs, rather than the process (advertisement versus negotiation) of procurement. In any case, the Defense Department has wisely moved in the direction of limiting procurement by negotiation by limiting the use of section 2 (e) (1) of the Armed Services Procurement Act. Whether this goes far enough it is too early to tell.

Joint Determination Program.—The joint determination program is based on section 214 of the Small Business Act and was begun in August 1953. It was codified in March 1954 with the issuance of Defense Department instruction 4100.9 which was revised on November 14, 1955. Under the revised program representatives of the Small Business Administration will be afforded, on request, when the directive is fully implemented, an opportunity to review proposed procurements of $10,000 and over, including classified procurement, and to make recommendations concerning them including proposals that they be exclusively or partially set aside for small business concerns. The directive sets forth circumstances under which total and partial small-business set-asides may be made and establishes a procedure of procurement in such set-asides.

Table 10 shows military procurement and joint determination statistics for fiscal years 1954, 1955, and 1956 (partial), or the entire period in which the program has been in effect.

TABLE 10.—*Tabulation of military procurement and joint determination statistics for fiscal years 1954, 1955, and 1956*

	Fiscal year 1954	Fiscal year 1955	Fiscal year 1956 (first 5 months)
Total military awards with firms within continental United States	[1] $11,563,000,000	[1] $14,752,000,000	$3,981,967,000
Estimated value of military procurements screened for possible set-aside	[2] 4,005,888,926	5,465,772,785	3,702,787,425
Estimated value of military procurements set aside for small business	[2] 247,600,812	386,610,589	162,681,880

[1] Net value of procurement actions.
[2] Includes 1 month (July 1953) of SDPA figures.

Source: Small Business Administration, Procurement Assistance Division, Office of Procurement and Technical Assistance, December 8, 1955.

It will be noted that of the total awards in fiscal year 1954, 34 percent were screened for possible set-asides; 6 percent of those screened were set aside; and this was 2 percent of the total awards. In fiscal year 1955, 37 percent of the total awards were screened; 7 percent of those screened were set aside; and this was 2 percent of the total awards. Fiscal year 1956 figures were too incomplete to be comparable. There is, of course, a time lag between the set-aside action and the placing of the contracts.

The figures in table 11 indicate the results of the joint determination program up to the recent changes on that program which have taken place.

TABLE 11.—*Joint determinations (number and dollar value, from Aug. 1, 1953, through June 1955)*

	Army	Navy	Air Force	United States
Number initiated by SBA	2,997	2,265	709	5,971
Estimated value	$372,631,856	$253,092,974	$175,044,138	$800,768,968
Number agreed to by the military	2,787	2,153	605	5,545
Estimated value	$312,736,796	$219,117,438	$83,260,714	$615,114,948
Number rejected or withdrawn after agreement	319	168	129	616
Estimated value	$87,654,176	$41,546,772	$96,624,478	$225,825,426
Number procurements awarded [1]	1,570	1,590	349	3,509
Estimated value	$132,945,788	$126,686,395	$35,834,208	$295,466,391

[1] These awards have resulted in 4,991 contracts to small firms.

Source: Small Business Administration.

The Small Business Administration reports further that the comparison of the period October 1953 to May 1954 with the period October 1954 to May 1955 reveals an increase in the total new procurement awards of 17 percent. However, in that period, the procurement set aside for small business under this program increased by 50.3 percent. It is probable that a portion of the awards to small business covered by the set-aside program were fundamentally suitable for small business procurement and would have been awarded to small business notwithstanding.

The Small Business Administration is authorized by the Small Business Act to certify the competence of any small-business concern as to capacity and credit. Pursuant to Defense Department instruction 4100.9 contracting officers will accept these certificates as conclusive without requiring the small-business concern to meet other requirements with respect to capacity or credit except in case of grave doubt on the part of the contracting officer. The Small Business Administration reports that under this program 136 certificates have been issued and that the value of the contracts resulting from the certificates amounts to $15,171,754. (Table 12.) Doubtless the very existence of such an appeal procedure encourages care on the part of the contracting officers.

TABLE 12.—*Certificates of competency—Applications, issuances and rejections, December 7, 1955*

Fiscal year	Applications received	Certificates issued	Applications withdrawn or rejected	Applications pending
1954	78	40	35	
1955	153	67	88	
1956 (to Nov. 30)	53	29	24	1
Total	284	136	147	1

Status of contracts resulting from certificates issued—Value, $15,171,754

Status:	
Number of contracts completed	54
Number of contracts completed ahead of schedule	0
Number of contracts completed on schedule	33
Number of contracts behind schedule	25
Contracts not yet awarded	12
Procurements withdrawn	2
Contracts terminated	2
Contracts awarded others	6
Certificates canceled	2
Total	136

Source: Small Business Administration.

Subcontracting.—Up to this time there has been no Department of Defense requirement that the military departments require prime contractors to report the extent of their subcontracting to small-business firms. Each of the departments has from time to time made informal and incomplete sample surveys which give some indication of the extent of their subcontracting. A new reporting program is currently being developed by the Department and may be in use in several months.

In the case of the Army, a previous informal survey of nine prime contractors, who have contracts of $1 million or more, indicated that 37.2 percent or $360,246,851 of the defense dollars received by them has gone to small-business firms on a subcontracting basis.

In the case of the Navy, the result of selective subcontract studies in fiscal year 1955 indicates that of 38 prime contracts having a total value of $778,110,141, 46.8 percent was subcontracted, but only 15.7 percent of the total dollar value was subcontracted to small business.

A similar study in 1954 revealed that 21.7 percent of the value of the selected contracts was subcontracted to small business. A similar study in 1952 showed a figure of 19.1 percent.

The Air Force subcontracting report indicates that in the spring of 1953, the Air Force consolidated small-business subcontracting reports received from 97 of its prime contractors who had received a total of 6,420 contracts with a face value of $15,557,000,000 since July 1950. This consolidation showed that these prime contractors had placed (or expected to place) $2,366,000,000 or 15 percent directly with small-business concerns for components, assemblies, supplies, or services, and $5,765,000,000 or 37 percent with large subcontractors. As to the amount placed with large subcontractors, 690 subcontractors, reporting on $967 million received from the prime, showed that they in turn had placed (or expected to place) $205 million or 21 percent with small-business concerns. These consolidated reports, embracing a large segment of Air Force contractors but not going beyond the first two tiers, were presented to the Senate Small Business Committee at its hearings May 14, 1953.

Early in 1955, the Air Force consolidated reports received from six of its large prime contractors, which showed that in "using up" $637,328,000 of defense dollars in just the last 6 months of calendar 1954, these 6 concers had placed $151,504,000 or 24 percent directly with small-bnsiness concerns. An additional amount of $19,369,000 had been placed with small concerns by some of their large subcontractors, bringing to 27 percent the amount known to have gone to small bnsiness.

Consolidation of reports of 3 Air Force prime contractors for recent 6-month periods (and not included in the statistics shown in the preceding paragraph) show that in "using up" $392,582,000 of Air Force dollars in those periods alone, $105,386,000 or 27 percent had been placed directly by the 3 primes with small-bnsiness concerns.

Also in the spring of 1955 the Air Force consolidated reports covering production of the first 1,000 B–47 airframes, plus the jet engines and tail defense fire-control systems used on these B–47's. This showed that 21.4 percent of the total Air Force dollars involved had been placed with small-business concerns by the prime contractors and their major subcontractors.

A report from Boeing, Wichita, dated July 1, 1955, covers the distribution of 2,138, million Air Force dollars on currently held contracts for B–47 and B–52 models. The report shows that $293,035,000 or 14 percent has been or will be placed directly with 3,084 small-business concerns. Small concerns will also share in the approximately $1 billion placed by Boeing, Wichita, with large subcontractors, but no statistics are cnrrently available to show what distribution they have made.

Progress payments.—The following tables (Nos. 14, 15, and 16), which are self-explanatory, summarize progress payments on prime contracts by procuring activities and by size of contracts at December 31, 1954.

Table 14.—Summary of progress payments on prime contracts at December 31, 1954 (not including public-works construction)

	Army	Navy	Air Force	Total Defense Department
1. Number of contractors with outstanding progress payments	292	384	352	1,028
2. Number of small-business contractors with outstanding progress payments	200	246	243	689
3. Small-business percent of contractors with progress payments	68.4	64	69	67
4. Number of contracts with progress payments outstanding	437	1,035	886	2,358
5. Number of small-business contracts with progress payments outstanding	261	402	370	1,033
6. Small-business percent of contracts with progress payments	59.6	39	42	43.8
7. Face amount of contracts with outstanding progress payments	$2,007,202,232	$11,396,233,839	$15,092,657,000	$28,496,093,071
8. Face amount of small-business contracts with outstanding progress payments	$121,705,829	$513,106,010	$306,708,000	$941,519,839
9. Small-business percent of face amount of contracts with outstanding progress payments	6.1	4.5	2	3.3
10. Progress payments outstanding	$103,567,762	$2,352,609,580	$1,981,900,000	$4,438,077,342
11. Progress payments outstanding with small business	$22,494,705	$249,443,302	$38,585,000	$310,523,007
12. Percent progress payments outstanding with small business	21.7	10.6	2	6.99

Source: Department of Defense.

TABLE 15.—*Progress payments, by procuring activity, at Dec. 31, 1954 (not including public-works construction)*

[All Air Force dollar figures are rounded to thousands]

	Small business			Other than small business		
	Number of contracts	Face amount of contracts	Progress payments outstanding	Number of contracts	Face amount of contracts	Progress payments outstanding
Chemical Corps	6	$4,890,413	$792,074	4	$568,763	$346,508
Engineers	100	23,866,739	6,838,037	34	7,815,457	3,782,519
Ordnance	43	35,040,547	4,342,138	34	1,408,327,274	20,438,271
Signal Corps	111	56,746,009	10,291,431	103	463,490,923	56,456,462
Transportation Corps	1	1,162,121	231,025	1	5,293,986	49,297
BuShips (shipbuilding)	136	317,341,040	209,451,460	78	1,482,490,628	759,117,300
BuShips (other)	96	68,586,801	21,920,318	133	561,043,283	99,855,813
BuAer	57	57,141,141	7,818,936	275	7,918,873,648	1,129,720,561
BuOrd	51	50,079,439	5,730,618	111	905,046,453	110,666,726
BuSandA	27	5,464,192	1,614,700	7	2,018,483	1,898,856
BuDocks	1	3,146,726	453,939			
Marine Corps	5	1,987,969	366,384			
ONR	16	5,896,076	1,005,146	4	1,532,108	199,166
ASO Philadelphia	13	3,462,626	1,081,801	25	12,123,226	1,707,856
Air Materiel Command	370	306,708,000	38,585,000	516	14,785,949,000	1,943,315,000
Total	1,033	941,519,839	310,523,007	1,325	27,554,573,232	4,127,554,335

TABLE 16.—*Progress payments, by size of contracts, at Dec. 31, 1954 (not including public-works construction)*

[All Air Force dollar figures are rounded to thousands]

Contract price	Number of contracts with progress payments outstanding				Face amount of contracts with progress payments outstanding			
	Army	Navy	Air Force	Total Defense Department	Army	Navy	Air Force	Total Defense Department
Less than $25,000	36	25	79	140	$540,383	$408,877	$1,341,000	$2,290,260
$25,001 to $50,000	57	38	77	172	2,082,379	1,406,209	2,863,000	6,351,588
$50,001 to $100,000	73	49	90	212	5,482,705	3,555,602	6,252,000	15,290,307
$100,001 to $200,000	64	72	84	220	9,127,173	10,519,427	12,258,000	31,904,600
$200,001 to $300,000	31	49	44	124	7,895,856	12,138,898	10,836,000	30,870,754
$300,001 to $500,000	44	90	49	183	16,734,201	34,705,446	19,411,000	70,850,647
$500,001 to $1,000,000	35	123	65	223	24,225,954	88,272,547	45,160,000	157,658,501
Over $1,000,000	97	589	398	1,084	1,941,113,581	11,245,226,833	14,994,536,000	28,180,876,414
Total	437	1,035	886	2,358	2,007,202,232	11,396,233,839	15,092,657,000	28,496,093,071

Source: Department of Defense, Apr. 19, 1955.

Defense related activities

Atomic Energy Commission contracts.—The huge construction and installation work for which contracts are entered into by the Atomic Energy Commission make it necessary that these contracts will be placed with large contractors. As might be anticipated, small business participates heavily in subcontracting. Tables 17 through 22 covering fiscal years 1953, 1954, and 1955, contain a summary of data on AEC prime contracts.

It will be noted that the percentage of total value of prime contracts placed with small business has been 2.1 percent for fiscal year 1953, 2.2 percent for fiscal year 1954, but jumped to 5.2 percent for fiscal year 1955. By contrast, small-business contracts are calculated at 40.9 percent of the total value in fiscal year 1953, 45.6 percent in fiscal year 1954, and 45.6 percent in fiscal year 1955.

TABLE 17.—*Fiscal year 1953—Summary of contract awards and changes, cost-type and fixed price actions combined—Prime actions by AEC*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction	2	$16,511,540	479	$26,266,872	299	$1,093,356,689	1	$73,200	781	$1,136,208,301
Architect engineer	10	(−24,332)	72	3,666,434	66	56,865,267	12	121,026	160	60,628,395
Materials, supplies and equipment for construction	606	7,228,142	1,013	8,148,161	1,539	293,281,284	3	110,800	3,161	308,768,387
Subtotal	618	23,715,350	1,564	38,081,467	1,904	1,443,503,240	16	305,026	4,102	1,505,605,083
Percent of subtotal	15.1	1.6	38.1	2.5	46.4	95.9	0.4		100	100
Research and development	55	$4,480,281	89	$2,623,597	79	$95,800,022	561	$121,366,510	784	$224,270,410
Rents and utility services	51	848,353	67	175,884	295	23,179,360	2	10,029	415	[1] 24,213,626
Materials, supplies and equipment other than construction	2,910	13,298,250	7,051	7,914,586	5,028	54,395,101	79	5,224	15,068	75,613,161
Services, other than utility services	651	2,037,496	575	3,424,401	350	899,339,825	30	5,009,852	1,606	909,811,574
Total	4,285	44,379,730	9,346	52,219,935	7,656	2,516,217,548	688	126,696,641	21,975	2,739,513,854
Percent of total	19.5	1.6	42.5	2.0	34.8	91.8	3.2	4.6	100	100

[1] Reporting incomplete and is being reviewed.

TABLE 18.—*Fiscal year 1953—Summary of contract awards and changes—Subcontract actions by AEC cost-type prime contractors*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction			884	$81,344,838	256	$84,946,534	7	$254,716	1,147	$166,546,088
Architect engineer	12	$1,186	509	3,845,372	278	19,177,027	25	145,575	824	23,169,160
Materials, supplies and equipment for construction	781	1,708,331	67,309	130,089,301	32,722	192,474,156	169	1,108,031	100,981	325,379,819
Subtotal	793	1,709,517	68,702	215,279,511	33,256	296,597,717	201	1,508,322	102,952	515,095,067
Percent of subtotal	0.8	0.3	66.7	41.8	32.3	57.6	0.2	0.3	100	100
Research and development	248	$3,111,840	5,028	$8,204,329	3,476	$13,286,987	88	$1,402,848	8,840	$26,006,004
Rents and utility services	17	175,735	140	120,936	720	4,833,119	102	348,053	979	5,477,303
Materials, supplies and equipment other than construction	4,193	6,300,399	182,970	83,426,169	86,099	117,561,808	2,073	820,589	275,335	208,108,965
Services, other than utility services	195	217,524	3,908	7,363,704	1,896	5,012,608	611	525,427	6,610	13,119,263
Total	5,446	11,515,015	260,748	314,394,109	125,447	437,292,239	3,075	4,605,239	394,716	767,806,602
Percent of total	1.4	1.5	66.1	40.9	31.8	57.0	0.7	0.6	100	100

TABLE 19.—*Fiscal year 1954—Summary of contract awards and changes, cost-type and fixed-price actions combined—Prime actions by AEC*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction	11	$20,843,826	445	$18,572,213	136	$864,801,546			592	$904,217,585
					12	(−160,345,891)			12	(−160,345,891)
Architect engineer	1	115,000	53	4,572,104	33	35,031,535	2	$1,211,964	89	40,930,603
					14	(−23,058,609)			14	(−23,058,609)
Materials, supplies, and equipment for construction	416	1,135,166	647	1,870,663	1,635	78,126,962			2,698	81,132,791
Subtotal	428	22,093,992	1,145	25,014,980	1,804	977,960,043	−2	1,211,964	3,379	1,026,280,979
					26	(−183,404,500)			26	(−183,404,500)
Percent of subtotal	12.7	2.2	33.9	2.4	[1] 53.3	[1] 95.3	0.1	0.1	100	100
Research and development	30	$1,802,151	48	$1,352,749	75	$110,273,599	619	$45,284,285	772	$158,712,784
Rents and utility services	43	1,016,420	52	84,883	298	2,355,878	4	855	397	[2] 3,458,036
Materials, supplies, and equipment other than construction	2,187	6,875,558	3,561	5,867,952	4,023	67,312,863	18	5,799	9,789	80,062,172
Services other than utility services	554	11,384,517	361	4,834,439	146	415,170,862	20	286,853	1,081	431,676,671
			50	(−309,325)	43	(−233,718,968)			93	(−234,028,293)
Total	3,242	43,172,638	5,167	37,155,003	6,346	1,573,073,245	663	46,789,756	15,418	1,700,190,642
			50	(−309,325)	69	(−417,123,468)			119	(−417,432,793)
Percent of total	21.0	2.5	33.5	2.2	[1] 41.2	[1] 92.5	4.3	2.8	100	100

[1] Percentages do not include deobligations.
[2] Reporting incomplete and is being reviewed.

TABLE 20.—*Fiscal year 1954—Summary of contract awards and changes—Subcontract actions by AEC cost-type prime contractors*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction	1	$165	645	$28,475,323	262	$41,182,970	3	$8,259	911	$69,666,717
Architect engineer			20	1,139,242	10	5,137,323	3	3,000	33	6,279,565
Materials, supplies, and equipment for construction	1,619	2,623,540	50,381	127,280,395	22,765	138,770,987	15	3,316	74,780	268,678,238
Subtotal	1,620	2,623,705	51,046	156,894,960	23,037	185,091,280	21	14,575	75,724	344,624,520
Percent of subtotal	2.2	0.8	67.4	45.5	30.4	53.7			100	100
Research and development	7	$4,783	845	$1,145,615	555	$5,215,277	32	$907,538	1,439	$7,273,213
Rents and utility services	4	19,576	111	1,633,040	513	6,165,888	117	1,286,969	745	9,105,473
Materials, supplies, and equipment other than construction	4,056	2,365,367	153,020	73,206,300	70,408	76,270,756	1,183	636,888	228,667	152,479,311
Services other than utility services	161	450,333	2,709	8,331,107	1,026	5,603,905	520	1,016,289	4,416	15,401,634
Total	5,848	5,463,764	207,731	241,211,022	95,539	278,347,106	1,873	3,862,259	310,991	528,884,151
Percent of total	1.9	1.1	66.8	45.6	30.7	52.6	0.6	0.7	100	100

TABLE 21.—*Fiscal year 1955—summary of contract awards and changes, cost-type and fixed price actions combined—prime actions by AEC*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction	6	$12,897,711	434	$24,305,178	162	$79,715,472	2	$363,549	604	$117,281,910
					19	(−199,573,826)			19	(−199,573,826)
Architect engineer	1	5,000	44	947,702	59	9,774,917	2	13,800	106	10,741,419
					13	(−785,757)			13	(−785,757)
Materials, supplies and equipment for construction	67	40,420,770	192	455,451	496	28,662,313	----------	----------	755	69,538,534
Subtotal	74	53,323,481	670	25,708,331	717	118,152,702	4	377,349	1,465	197,561,863
					32	(−200,359,583)			32	(−200,359,583)
Percent of subtotal	5.0	27.0	45.7	13.0	[1] 49.0	[1] 59.8	0.3	0.2	100	100
Research and development	40	$8,155,118	70	$1,146,976	111	$81,298,282	736	$68,683,747	957	$159,284,123
Rents and utility services	57	41,105,177	60	165,017	381	19,141,907	3	155,120	501	[2] 60,567,221
Materials, supplies and equipment other than construction	3,254	6,863,004	3,678	3,343,381	3,902	14,824,383	15	2,029	10,849	25,032,797
Services, other than utility services	549	19,282,286	503	16,504,351	234	426,138,410	10	5,735	1,296	461,930,782
					9	(−137,056,415)	1	(−579,000)	10	(−137,635,415)
Total	3,974	128,729,066	4,981	46,868,056	5,345	659,555,684	768	69,223,980	15,068	904,376,786
					41	(−337,415,998)	1	(−579,000)	42	(−337,994,998)
Percent of total	26.4	14.2	33.1	5.2	[1] 35.5	[1] 72.9	[1] 5.0	[1] 7.7	100	100

[1] Percentages do not include deobligations.
[2] Reporting incomplete and is being reviewed.

TABLE 22.—*Fiscal year 1955—Summary of contract awards and changes—Subcontract actions by AEC cost-type prime contractors*

Type of work	Government agency		Small business		Big business		Educational and other nonprofit institutions		Total, all classes	
	Number	Total value	Number	Total value	Number	Total value	Number	Total value	Number	Total value
Construction [1]			758	$13,284,492	212	$5,516,589	1	$101	971	$18,801,182
Architect engineer			17	570,371	11	1,054,111	12	222,231	40	1,840,713
Materials, supplies, and equipment for construction	996	$1,175,763	40,447	44,340,244	17,918	53,568,261	11	3,091	59,372	99,087,359
Subtotal	996	1,175,763	41,222	58,195,107	18,141	60,138,961	24	225,423	60,383	119,735,254
Percent of subtotal	1.6	1.0	68.3	48.6	30.1	50.2	.....	.2	100	100
Research and development	1	$31,000	303	$966,082	182	$3,837,579	57	$567,008	543	$5,401,669
Rents and utility services	3	348,212	185	2,424,597	457	5,498,385	87	103,123	732	8,374,317
Materials, supplies, and equipment other than construction	3,964	1,948,932	179,792	88,214,600	83,889	106,416,647	1,092	264,962	268,737	196,845,141
Services other than utility services	156	694	3,308	4,106,155	909	2,810,319	531	636,921	4,904	7,554,089
Total	5,120	3,504,601	224,810	153,906,541	103,578	178,701,891	1,791	1,797,437	335,299	337,910,470
Percent of total	1.5	1.0	67.1	45.6	30.9	52.8	.5	.6	100	100

[1] The following subcontracts are considered to be in the nature of prime contracts and are therefore excluded from the figures shown above: Small business: George Koch Sons, Inc., $16,196,000; Big business: Grinnell Corp., $149,908,000; Reynolds-Newbery, joint venture, $42,813,000.

Office of Defense Mobilization.—Table 23 contains data pertaining to certificates of necessity for rapid tax amortization and small business. It will be seen that 41.9 percent of the total number of certificates issued to November 16, 1955, were issued to small business, which represents 12.7 percent of the total certified amount. Cumulative figures reflecting adjustments are 43.5 percent and 13.3 percent.

Under section 302 of the Defense Production Act loans many be made to expedite production and deliveries to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense. ODM reports that 270 such loans were approved by the Treasury Department through November 17, 1955, of which 243 were made to small business. The total value of these loans was $310,602,098. The small business share in value was $93,895,925.

V-loan applications, military departments.—The following tables (Nos. 24 through 26) provided by the Federal Reserve System, show the distribution of applications for V-loans for the Army, Navy, and Air Force from September 1950 through October 31, 1955. The data constitutes a complete review of the guaranteed loan program undertaken by the military departments. The pattern of loan guarantees authorized and executed has been consistent with the pattern of distribution of defense contracts in general.

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TABLE 23.—*Small business certifications (to Nov. 16, 1955)*

	Net amount certified		Certificates issued		Certificates issued		Certificates issued	
	Number cumulative to Dec. 30, 1953 [1]	Amount	Number during 1954 [2]	Amount	Number 1955 to Nov. 16, 1955 [2]	Amount	Number—total to Nov. 16, 1955	Amount
		Thousands		*Thousands*		*Thousands*		*Thousands*
Small business cases [3]	8,180	$3,887,955	461	$216,188	198	$158,284	8,839	$4,262,427
Percent of total	43.9	13.4	32.8	11.9	18.8	5.9	41.9	12.7
Total	18,632	29,025,317	1,405	1,823,877	1,056	2,704,298	21,093	[4] 33,553,492

[1] Net cumulative figures taken from ODM Form 938 (Dec. 30, 1953).
[2] Gross yearly (do not reflect amendments, adjustments, etc.).
[3] Net cumulative figures as of Nov. 16, 1955, are: Number, 20,341 (percent, 43.5); amount, $32,127,980,000 (percent, 13.3).
[4] Each small business application certified is granted a premium of 5 percentage points.

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF BANK OPERATIONS

CHART 24A.—*Distribution of applications for V-loans, September 1950 through Oct. 31, 1955, Department of the Army*

	Number authorized	Amount applied for	Amount authorized	Guaranty agreements executed		Guaranty agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY SIZE OF AUTHORIZATION							
Under $50,000	48	$1,479,280	$1,389,280	38	$1,151,000	10	$238,280
$50,000 to $99,999	73	5,150,500	5,096,500	62	4,426,500	11	670,000
$100,000 to $249,999	124	18,783,600	18,623,600	106	15,957,600	18	2,666,000
$250,000 to $499,999	130	43,260,000	42,480,000	112	36,570,000	18	5,910,000
$500,000 to $999,999	107	67,120,000	66,370,000	102	63,270,000	5	3,100,000
$1,000,000 to $4,999,999	126	254,442,658	252,642,658	119	237,892,658	7	14,750,000
$5,000,000 to $9,999,999	16	101,600,000	101,600,000	16	101,600,000	------	------
$10,000,000 and over	10	279,000,000	279,000,000	9	264,000,000	1	15,000,000
Subtotal	634	770,836,038	767,202,038	564	724,867,758	70	42,334,280
Increases in existing authorizations	------	78,078,500	76,353,500	------	73,838,500	------	2,515,000
Total	634	848,914,538	843,555,538	564	798,706,258	70	44,849,280

	Number declined	Amount applied for
BY SIZE OF APPLICATION DECLINED		
Under $50,000	12	$1,942,291
$50,000 to $99,999	23	2,105,000
$100,000 to $249,999	33	4,226,000
$250,000 to $499,999	24	5,166,000
$500,000 to $999,999	20	8,947,000
$1,000,000 to $2,499,999	15	10,275,000
$2,500,000 to $9,999,999	3	5,250,000
$10,000,000 to $49,999,999	------	------
$50,000,000 and over	------	------
Total	130	37,911,291

CHART 24B.—*Distribution of V-loans authorized September 1950 through Oct. 31, 1955, Department of the Army*

	Number authorized	Amount applied for	Amount authorized	Guarantee agreements executed		Guarantee agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY ASSETS OF BORROWER							
Under $50,000	35	$2,140,780	$2,070,780	30	$1,784,000	5	$286,780
$50,000 to $99,999	48	5,341,600	5,331,600	38	4,431,600	10	900,000
$100,000 to $249,999	96	19,683,500	19,393,500	84	17,947,000	12	1,446,500
$250,000 to $499,999	109	30,860,000	30,246,000	89	26,190,000	20	4,056,000
$500,000 to $999,999	90	39,529,000	38,454,000	85	35,994,000	5	2,460,000
$1,000,000 to $2,499,999	123	118,897,000	117,947,000	115	111,847,000	8	6,100,000
$2,500,000 to $9,999,999	98	204,862,658	202,512,658	89	187,912,658	9	14,600,000
$10,000,000 to $49,999,999	27	196,300,000	196,300,000	26	181,300,000	1	15,000,000
$50,000,000 and over	7	231,000,000	231,000,000	7	231,000,000	------	------
Not available	1	300,000	300,000	1	300,000	------	------
Total	634	848,914,538	843,555,538	564	798,706,258	70	44,849,280
BY NUMBER OF EMPLOYEES OF BORROWER							
Number of employees of borrower only, not including affiliated concerns under common ownership or control:							
Under 25	65	6,524,780	6,444,780	54	5,208,000	11	1,236,780
25 to 49	74	16,310,600	16,020,600	67	15,649,100	7	371,500
50 to 74	66	18,644,000	18,244,000	60	15,834,000	6	2,410,000
75 to 99	46	12,981,500	12,487,500	40	11,421,500	6	1,066,000
100 to 149	75	27,030,000	26,635,000	66	23,350,000	9	3,285,000
150 to 249	87	100,495,000	99,645,000	83	97,840,000	4	1,805,000
250 to 499	91	117,089,658	116,039,658	85	113,089,658	6	2,950,000
Over 500 to 999	64	112,090,000	110,540,000	57	96,990,000	7	13,550,000
1,000 to 2,499	32	122,550,000	122,550,000	32	122,550,000	------	------
2,500 and over	17	287,000,000	287,000,000	17	287,000,000	------	------
Not available	17	28,199,000	27,949,000	3	9,774,000	14	18,175,000
Total	634	848,914,538	843,555,538	564	798,706,258	70	44,849,280
Number of employees of borrower, including affiliated concerns under common ownership or control:							
Under 25	59	5,469,780	5,389,780	50	4,428,000	9	961,780
25 to 49	70	11,011,500	10,721,500	62	10,250,000	8	471,500
50 to 74	60	17,214,000	16,814,000	55	14,464,000	5	2,350,000
75 to 99	42	14,610,600	14,116,600	36	12,945,600	6	1,171,000
100 to 149	77	26,330,000	25,935,000	71	24,700,000	6	1,235,000
150 to 249	85	45,920,000	45,370,000	79	41,805,000	6	3,565,000
250 to 499	92	110,779,658	110,229,658	85	106,989,658	7	3,240,000
500 to 999	69	119,990,000	117,940,000	64	106,390,000	5	11,550,000
1,000 to 2,499	38	130,950,000	130,650,000	36	128,650,000	2	2,000,000
2,500 and over	20	335,500,000	335,500,000	20	335,500,000	------	------
Not available	22	31,139,000	30,889,000	6	12,584,000	16	18,305,000
Total	634	848,914,538	843,555,538	564	798,706,258	70	44,849,280

CHART 25A.—*Distribution of applications for V-loans September 1950 through Oct. 31, 1955, Department of the Navy*

	Number authorized	Amount applied for	Amount authorized	Guarantee agreements executed		Guarantee agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY SIZE OF AUTHORIZATION							
Under $50,000	28	$770,000	$750,000	17	$477,000	11	$273,000
$50,000 to $99,999	30	2,305,600	2,160,600	26	1,891,600	4	269,000
$100,000 to $249,999	68	10,995,600	10,645,600	57	9,045,600	11	1,600,000
$250,000 to $499,999	57	20,025,000	19,125,000	53	17,750,000	3	1,000,000
$500,000 to $999,999	58	38,435,000	37,485,000	53	34,185,000	5	3,300,000
$1,000,000 to $4,999,999	60	119,550,000	115,500,000	57	109,700,000	2	4,200,000
$5,000,000 to $9,999,999	9	57,200,000	57,200,000	9	57,200,000	------	------
$10 million and over	14	211,000,000	208,000,000	14	208,000,000	------	------
Subtotal	324	460,281,200	450,866,200	286	438,249,200	36	10,642,000
Increase in existing authorizations	------	102,037,900	101,181,900	------	96,086,900	------	1,995,000
Total	[1] 324	562,319,100	[1] 552,048,100	286	534,336,100	36	12,637,000

	Number declined	Amount applied for
BY SIZE OF APPLICATION DECLINED		
Under $50,000	6	$270,947
$50,000 to $99,999	6	352,596
$100,000 to $249,999	16	2,030,000
$250,000 to $499,999	6	1,250,000
$500,000 to $999,999	2	1,500,000
$1,000,000 to $2,499,999	8	5,250,000
$2,500,000 to $9,999,999	1	500,000
$10,000,000 to $49,999,999	------	------
$50 million and over	------	------
Total	45	11,153,543

[1] Includes 2 in number and $5,075,000 in amount of loans authorized on which guarantee agreements have not been executed as of Oct. 31, 1955.

CHART 25B.—*Distribution of V-loans authorized September 1950 through Oct. 31, 9155, Department of the Navy*

	Number authorized	Amount applied for	Amount authorized	Guarantee agreements executed		Guarantee agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY ASSETS OF BORROWER							
Under $50,000	15	$634,000	$629,000	11	$569,000	4	$60,000
$50,000 to $99,999	19	2,299,000	2,054,000	14	1,761,000	5	293,000
$100,000 to $249,999	60	10,367,100	9,996,100	52	9,202,100	8	794,000
$250,000 to $499,999	46	15,864,000	15,339,000	39	13,919,000	7	1,420,000
$500,000 to $999,999	57	34,685,000	33,960,000	51	32,090,000	6	1,870,000
$1,000,000 to $2,499,999	54	65,030,000	64,280,000	50	59,305,000	2	2,900,000
$2,500,000 to $9,999,999	46	124,090,000	119,940,000	43	117,640,000	3	2,300,000
$10,000,000 to $49,999,999	21	187,350,000	183,850,000	20	177,850,000	1	3,000,000
$50,000,000 and over	6	122,000,000	122,000,000	6	122,000,000	------	------
Total	[1] 324	562,319,100	[1] 552,048,100	286	534,336,100	36	12,637,000
BY NUMBER OF EMPLOYEES OF BORROWER							
Number of employees of borrower only, not including affiliated concerns under common ownership or control:							
Under 25	34	3,190,000	3,050,000	28	2,755,000	6	295,000
25 to 49	32	4,556,100	4,246,100	28	3,999,100	4	247,000
50 to 74	32	8,440,000	8,089,000	27	7,394,000	5	695,000
75 to 99	28	8,463,000	8,213,000	25	7,563,000	3	650,000
100 to 149	21	11,580,000	11,280,000	17	10,460,000	4	820,000
150 to 249	42	27,970,000	27,695,000	40	27,170,000	2	525,000
250 to 499	53	69,520,000	68,470,000	50	64,045,000	1	2,450,000
500 to 999	28	59,050,000	55,250,000	27	54,400,000	1	750,000
1,000 to 2,499	18	68,900,000	68,400,000	17	65,400,000	1	3,000,000
2,500 and over	18	279,500,000	276,500,000	18	273,500,000	------	------
Not available	18	21,150,000	20,855,000	9	17,650,000	9	3,205,000
Total	[1] 324	562,319,100	[1] 552,048,100	286	534,336,100	36	12,637,000
Number of employees of borrower, including affiliated concerns under common ownership or control:							
Under 25	29	3,290,000	3,175,000	25	3,080,000	4	95,000
25 to 49	31	4,276,100	4,066,100	27	3,894,100	4	172,000
50 to 74	30	7,050,000	6,649,000	24	5,854,000	6	795,000
75 to 99	28	8,338,000	8,188,000	25	7,688,000	3	500,000
100 to 149	24	11,315,000	10,990,000	19	9,995,000	5	995,000
150 to 249	40	26,925,000	26,650,000	38	26,125,000	2	525,000
250 to 499	52	61,020,000	60,220,000	49	55,795,000	1	2,450,000
500 to 999	28	56,500,000	52,450,000	27	51,600,000	1	750,000
1,000 to 2,499	20	51,950,000	51,450,000	19	48,450,000	1	3,000,000
2,500 and over	21	309,500,000	306,500,000	21	303,500,000	------	------
Not available	21	22,155,000	21,710,000	12	18,355,000	9	3,355,000
Total	[1] 324	562,319,100	[1] 552,048,100	286	534,336,100	36	12,637,000

[1] Includes 2 in number and $5,075,000 in amount of loans authorized on which guaranty agreements have not been executed as of Oct. 31, 1955.

CHART 26A.—*Distribution of applications for V-loans September 1950 through Oct. 31, 1955, Department of the Air Force*

	Number authorized [1]	Amount applied for	Amount authorized [2]	Guarantee agreements executed		Guarantee agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY SIZE OF AUTHORIZATION							
Under $50,000	27	$636,500	$626,500	15	$367,500	12	$259,000
$50,000 to $99,999	42	2,919,500	2,824,500	36	2,454,500	6	370,000
$100,000 to $249,999	64	13,905,000	11,633,000	59	10,763,000	4	650,000
$250,000 to $499,999	63	21,085,000	20,635,000	57	18,900,000	6	1,735,000
$500,000 to $999,999	58	37,890,000	37,640,000	53	33,940,000	5	3,700,000
$1,000,000 to $4,999,999	107	227,904,000	226,904,000	105	221,154,000	2	5,750,000
$5,000,000 to $9,999,999	12	83,000,000	83,000,000	11	75,500,000	1	7,500,000
$10,000,000 and over	18	454,000,000	454,000,000	18	454,000,000	------	------
Subtotal	391	841,340,000	837,263,000	354	817,079,000	36	19,964,000
Increases in existing authorizations	------	195,796,833	188,691,833	------	185,681,833	------	2,910,000
Total	391	1,037,136,833	1,025,954,833	354	1,002,760,833	36	22,874,000

	Number declined	Amount applied for
BY SIZE OF APPLICATION DECLINED		
Under $50,000	4	$244,000
$50,000 to $99,999	5	223,700
$100,000 to $249,999	10	1,426,000
$250,000 to $499,999	9	1,650,000
$500,000 to $999,999	5	2,250,000
$1,000,000 to $2,499,999	5	3,550,000
$2,500,000 to $9,999,999	1	500,000
$10,000,000 to $49,999,999	------	------
$50,000,000 and over	------	------
Total	39	9,843,700

[1] Includes 1 authorization on which guarantee agreement had not been executed as of Oct. 31, 1955.
[2] Includes $320,000 on which guarantee agreements had not been executed as of Oct. 31, 1955.

CHART 261B.—*Distribution of V-loans authorized September 1950 through Oct. 31, 1955, Department of the Air Force*

	Number authorized [1]	Amount applied for	Amount authorized [2]	Guarantee agreements executed		Guarantee agreements not executed (authorizations expired)	
				Number	Amount	Number	Amount
BY ASSETS OF BORROWER							
Under $50,000	13	$627,500	$582,500	9	$455,500	4	$127,000
$50,000 to $99,999	26	2,357,500	2,347,500	19	1,982,500	7	365,000
$100,000 to $249,999	50	7,987,000	7,857,000	42	6,945,000	8	912,000
$250,000 to $499,999	59	44,216,500	43,819,500	55	42,294,500	4	1,525,000
$500,000 to $999,999	59	30,484,000	29,834,000	54	27,939,000	5	1,795,000
$1,000,000 to $2,499,999	72	108,075,000	105,925,000	67	94,075,000	5	11,850,000
$2,500,000 to $9,999,999	78	212,889,333	210,089,333	74	203,569,333	3	6,300,000
$10,000,000 to $49,999,999	28	358,500,000	353,500,000	28	353,500,000	------	------
$50,000,000 and over	6	272,000,000	272,000,000	6	272,000,000	------	------
Total	391	1,037,136,833	1,025,954,833	354	1,002,760,833	36	22,874,000
BY NUMBER OF EMPLOYEES OF BORROWER							
Number of employees of borrower only, not including affiliated concerns under common ownership or control:							
Under 25	25	2,817,500	2,692,500	21	2,523,000	4	169,500
25 to 49	49	14,689,500	14,404,500	42	13,969,500	7	435,000
50 to 74	24	4,909,000	4,762,000	19	4,005,000	5	757,000
75 to 99	23	8,100,000	8,025,000	20	6,800,000	3	1,225,000
100 to 149	32	12,300,000	12,000,000	30	11,380,000	2	520,000
150 to 249	51	30,745,000	30,695,000	48	28,370,000	3	2,325,000
250 to 499	66	86,270,000	81,870,000	60	78,350,000	5	3,300,000
500 to 999	53	134,815,333	134,015,333	52	125,515,333	1	8,500,000
1,000 to 2,499	29	143,204,000	143,204,000	28	140,704,000	1	2,500,000
2,500 and over	26	558,750,000	553,750,000	25	550,750,000	1	3,000,000
Not available	13	40,536,500	40,536,500	9	40,394,000	4	142,500
Total	391	1,037,136,833	1,025,954,833	354	1,002,760,833	36	22,874,000
Number of employees of borrower, including affiliated concerns under common ownership or control:							
Under 25	25	2,817,500	2,692,500	21	2,523,000	4	169,500
25 to 49	46	6,989,500	6,704,500	39	6,269,500	7	435,000
50 to 74	23	4,562,000	4,462,000	18	3,705,000	5	757,000
75 to 99	23	7,697,000	7,575,000	21	7,100,000	2	475,000
100 to 149	32	12,500,000	12,200,000	30	11,580,000	2	520,000
150 to 249	48	34,045,000	33,995,000	45	31,670,000	3	2,325,000
250 to 499	64	66,270,000	65,370,000	57	61,100,000	6	4,050,000
500 to 999	51	103,765,333	102,965,333	51	101,965,333	------	1,000,000
1,000 to 2,499	36	168,704,000	167,204,000	35	164,704,000	1	2,500,000
2,500 and over	30	589,250,000	582,250,000	28	571,750,000	2	10,500,000
Not available	13	40,536,500	40,536,500	9	40,394,000	4	142,500
Total	391	1,037,136,833	1,025,954,833	354	1,002,760,833	36	22,874,000

[1] Includes 1 authorization on which guarantee agreement had not been executed as of Oct. 31, 1955.
[2] Includes $320,000 on which guarantee agreements had not been executed as of Oct. 31, 1955.

General Services Administration.—Certain responsibilities of the General Services Administration relate to the mobilization program and to defense procurement. One of these is the procurement of critical and strategic materials for the national stockpile. Other defense-related programs are discussed in section (iii). General Services Administration has submitted the following data (table 27) on the stockpile program including the number and value of procurement actions for fiscal years 1951–55.

It might be anticipated that the percentage in both the number and value which has been placed with small business has been substantial. This substantial drop in fiscal years 1954 and 1955 (from the 1953 level) amounting to approximately 40 percent is, however, striking. Considering the nature of the procurement, it is to be expected that almost all of it will be placed by negotiation.

TABLE 27.—*Stockpiling programs—Number and value of procurement actions, fiscal years 1951–55 (showing percent distribution by size of business and procurement method)*

Fiscal year	Total procurement actions		Percent distribution by size of business				Percent distribution by type of procurement			
			Small business		Other		Advertised		Negotiated	
	Number	Value (million dollars)	Number	Value	Number	Value	Number	Value	Number	Value
1951	1,423	$654.2	90.0	59.0	10.0	41.0	8.0	1.2	92.0	98.8
1952	2,330	637.6	85.9	89.6	14.1	10.4	6.4	1.7	93.6	98.3
1953	3,889	418.8	85.2	65.6	14.8	34.4	4.8	2.7	95.2	97.3
1954 [1]	3,828	254.6	93.2	39.8	6.8	60.2	2.1	9.2	97.9	90.8
1955 [1]	3,906	175.1	90.6	39.9	9.4	60.1	2.1	.6	97.9	99.4

[1] New reporting form placed in use in January 1954 changed the size of actions reported from $10 and over to $25 and over.

Source: Operating statistics of Emergency Procurement Service, General Services Administrztion (reported on GSA Form 33).

Department of the Interior.—The Defense Minerals Exploration Administration was created pursuant to the Defense Production Act of 1950, as amended, to carry out a program of exploration for strategic and critical metals and minerals.

Under the program as set forth in DMEA Order I, amended, DMEA enters into contracts with private mining operators. These contracts provide for Government contribution to the costs of exploration projects in the search for indicated or undeveloped sources of specified minerals and metals in the United States, its Territories, or possessions. The Government contributes 50 or 75 percent of the cost of this work depending on the particular mineral that is the subject of the exploration contract.

Small business, represented by individuals, partnerships, and small corporate enterprises, has had an important part in the program. In fact, tbe small operator has been numerically dominant in the program since its earliest days. This situation is accounted for by two aspects of the exploration program. The list of 33 minerals eligible for assistance under the program includes many commodities of a higbly strategic character which are not found in deposits of sufficient size to interest the large mining operator. The search for these minerals has thus become the concern primarily of the small operator. Furthermore, by reason of the sbaring principle, according to which the operator must contribute to the cost of the exploration work, small operators are limited to relatively small projects owing to the fact that they can command only modest resources.

A number of studies have been made since 1951 of the size of the operators under DMEA contracts. The one most important fact revealed by each of these studies has been the dominant position of the small operator.

As of October 31, 1955, 839 exploration contracts had been executed. More than half of them—436—entailed total estimated costs of less than $20,000. Only slightly more than 10 percent of them call for expenditure of as much as $100,000. Another measure of the extent to which small mining enterprise has been encouraged by the DMEA program is afforded by these statistics—over 42 percent of all contracts executed call for the operator to supply less than $3,000 of his own money. The attached tabulations (tables 28 and 29) present a detailed breakdown of all contracts by dollar amount irrespective of the size of the operator.

TABLE 28.—*Distribution of DMEA contracts by size*

Size of contract	Contracts		Total estimated cost	
	Number	Percent	Amount	Percent
Less than $5,000	138	16.44	$357,000	0.92
$5,000 through $9,999	159	18.95	1,234,000	3.13
$10,000 through $14,999	82	9.78	1,061,000	2.69
$15,000 through $19,999	57	6.79	1,032,000	2.61
$20,000 through $24,999	69	8.23	1,607,000	4.07
$25,000 through $29,999	49	5.84	1,394,000	3.54
$30,000 through $34,999	37	4.41	1,244,000	3.15
$35,000 through $39,999	25	2.98	970,000	2.45
$40,000 through $44,999	14	1.66	616,000	1.57
$45,000 through $49,999	15	1.79	737,000	1.86
$50,000 through $54,999	14	1.67	761,000	1.93
$55,000 through $59,999	13	1.55	774,000	1.96
$60,000 through $64,999	17	2.03	1,099,000	2.79
$65,000 through $69,999	8	.95	559,000	1.41
$70,000 through $74,999	11	1.31	825,000	2.09
$75,000 through $79,999	13	1.55	1,043,000	2.64
$80,000 through $84,999	5	.60	427,000	1.09
$85,000 through $89,999	6	.71	543,000	1.37
$90,000 through $94,999	5	.60	479,000	1.22
$95,000 through $99,999	9	1.07	908,000	2.30
$100,000 through $124,999	29	3.46	3,376,000	8.55
$125,000 through $129,999	12	1.43	1,707,000	4.32
$150,000 through $174,999	8	.95	1,345,000	3.41
$175,000 through $199,999	6	.72	1,164,000	2.95
$200,000 plus	38	4.52	14,209,000	36.00
Total	839	99.99	39,471,000	100.02

Source: Defense Minerals Exploration Administration (Interior), as of Oct. 15, 1955.

TABLE 29.—*Cumulative distribution of DMEA contracts by size*

Size of contract	Contracts		Total estimated cost	
	Number	Percent	Amount	Percent
Less than—				
$5,000	138	16.44	357	.92
$10,000	297	35.39	1,591	4.05
$15,000	379	45.17	2,652	6.74
$20,000	436	51.96	3,684	9.35
$25,000	505	60.19	5,291	13.42
$30,000	554	66.03	6,685	16.96
$35,000	591	70.44	7,929	20.11
$40,000	616	73.42	8,899	22.56
$45,000	630	75.08	9,515	24.13
$50,000	645	76.87	10,252	25.99
$55,000	659	78.54	11,013	27.92
$60,000	672	80.09	11,787	29.88
$65,000	689	82.12	12,886	32.67
$70,000	697	83.07	13,445	34.08
$75,000	708	84.38	14,270	36.17
$80,000	721	85.93	15,313	38.81
$85,000	726	86.53	15,740	39.90
$90,000	732	87.24	16,283	41.27
$95,000	737	87.84	16,762	42.49
$100,000	746	88.91	17,670	44.79
$125,000	775	92.37	21,046	53.34
$150,000	787	93.80	22,753	57.66
$175,000	795	94.75	24,098	61.07
$200,000	801	95.47	25,262	64.02
$200,000 plus	839	99.99	39,471	100.02

Source: Defense Minerals Exploration Administration (Interior), as of Oct. 15, 1955.

A separate study of the size of operators under DMEA contracts reveals that less than 15 percent of all contracts have been entered into with operators who would be classified as large business firms.

(iii) A full and complete statement of the actions taken by the Office of Defense Mobilization and other agencies to increase such small business share

Current procurement.—The agencies most directly concerned with defense procurement and small business are the Department of Defense and the Small Business Administration. These agencies have acted jointly on the determination of certain major policies aimed at increasing small business' share, as is reflected in the statements below concerning the actions they have taken.

Department of Defense.—In recent months the Department of Defense has taken three major steps relating to this problem:

4100.10 The revision of the overall Department of Defense small business program

4100.20 Initiation of the small business subcontracting program

4100.09 Expanding the program of setting aside procurement for the exclusive participation of small-business concerns

The Department of Defense instruction 4100.10 was issued on December 16, 1954, and revises the Department of Defense small-business policy as earlier expressed in its directive dated September 8, 1952. The new instruction directs that the following actions will be taken:

(*a*) Explicitly defines and directs that small firms be afforded an equitable competitive opportunity for defense business.

(*b*) Requires inclusion of competent small firms making application on department bidders' lists.

(*c*) Requires solicitation of small firms on bidders' lists on at least a pro rata basis.

(*d*) Requires procurement in small lots so far as possible consistent with military requirements.

(*e*) Requires that procurement be planned with reasonable delivery schedule so far as possible consistent with military requirements.

(*f*) Requires that specifications and drawings when applicable, or in their absence all necessary pertinent data for computing bids, be available.

(*g*) Requires that sufficient time be allowed for the preparation of bids.

(*h*) Provides for the continuation of DOD small-business organization of small-business advisers and small-business specialists.

(*i*) Directs an aggressive search for new small-business sources of supply.

(*j*) Affords to SBA an opportunity to inform themselves on the adequacy of small-business sources for specific items and to take action to increase such sources.

(*k*) Directs that on items in the small business potential mobilization planning be conducted with small firms.

(*l*) Provides for regular monthly meetings with representatives of SBA to discuss progress of the program and to work our solutions of problems.

The purpose of the Department of Defense Instruction 4100.20 is to set forth the policies of the Department of Defense with respect to subcontracts to small-business concerns, supplementing the general policy expressed in 4100.10, and

(*a*) Requires insertion of subcontracting clause in Government prime contracts, including construction.

(*b*) Provides for urging large prime contractors to adopt Defense subcontracting small-business programs.

The programs call on the contractors to take the following steps to assure small firms an equitable opportunity at subcontracts.

1. To designate a company small business liaison officer.
2. To publish their company program within the company.
3. To adopt specific company procurement policies appropriate to assure fair chance to small potential subcontractors.
4. To keep records on the size of their suppliers.
5. To put the subcontracting clause in their contracts with their subcontractors.
6. To ask their large subcontractors to adopt Defense small business contracting programs.
7. To make use of the SBA files as required to assist them to locate qualified small business sources.
8. To report on their awards to small firms on forms to be provided.

Revised directive 4100.09 coordinates the existing Department of Defense small-business programs with certain responsibilities of the Small Business Administration. This policy, when implemented, will provide for:

(*a*) Broadening the program to make set-asides for the exclusive participation of small business by directing the making of such set-asides inde-

pendently by the procuring agency in cases where SBA personnel are not available to participate in such action and where the action is otherwise appropriate.

(*b*) Broadening the program to make set-asides for the exclusive participation of small business by including classified procurements in the screening program.

(*c*) Providing for notice to the Small Business Administration that the bid of a small-business firm is being considered for rejection on the basis of an adverse preaward survey in order to afford the SBA time in which to study the case and to issue a certificate of competency where appropriate.

These actions were taken by the Department of Defense in consultation with representatives of the Small Business Administration and were part of a comprehensive revision of DOD's relationship with the Small Business Administration. In addition, the Department of Defense provides in its armed services procurement regulations for publicity in the Department of Commerce Bulletin on proposed procurement and contract awards subject to specified exceptions. The Assistant Secretaries of the military departments in mid-1955 communicated with several hundred large military prime contractors holding contracts of over $1 million urging their adoption of the DOD small business subcontracting programs. The Department revised the individual procurement action report form DD 350 to eliminate the concept of suitability with respect to small business and to obtain information which it was anticipated would lead to better administration of the small-business program. In consultation with the Small Business Administration representatives, the Department has developed a new proposed procedure for reporting subcontracting to small business on the part of large prime contractors, and it is anticipated that this procedure will be made effective in the near future. Among other important actions taken was that of restricting the use of negotiated contracts under the Armed Services Procurement Act.

Small Business Administration.—The actions taken by the Small Business Administration, both on its own initiative and in conjunction with the Department of Defense, are as follows:

1. The SBA provides active counseling services to small business in connection with Government procurement which is available to representatives of small-business concerns through its 14 regional and 23 branch offices throughout the country in addition to its Washington office. This service includes advice as to getting on bidders lists; information concerning items on which to bid; assistance in obtaining specifications and drawings; locations of procurement offices; procedure for preparing bid invitations; and any other assistance which a small-business man may require to help him get a Government contract. SBA also provides financial counseling and loan programs.

In this connection the SBA publishes, through the Government Printing Office, the United States Government Purchasing Directory, which lists all items procured by the military and civilian agencies of the Government, together with the name and location of the offices from which procurements are made.

A companion booklet, entitled "United States Government Specifications Directory," is also published by SBA. This publication enables the small-business man to identify specifications applicable to the items procured.

2. While the SBA does not, for budgetary reasons, maintain a complete inventory of small-business firms, it does encourage the voluntary registration of such companies. Its current inventory includes information concerning the productive capacity of more than 30,000 small-business concerns.

3. The SBA has worked out agreements for effective liaison between the top echelons of SBA and each of the Government departments engaged in procurement, have cooperated on agreements on policy programs and procedures to be employed in an effort to increase the share of Government procurement going to small business.

SBA's first step was the preparation of a procedures manual for its field employees as to the details of their day-to-day operations.

The next step was the establishment of a more effective working relationship with the Department of Defense with a view to obtaining a revision in existing instructions concerning the operations of its small-business program.

With the concurrence of the Assistant Secretary of Defense (Logistics) in January 1955, the position of SBA liaison officer in the Office of the Secretary of Defense was established and filled. Through this liaison officer the SBA is enabled to present its problems at a high policy level in the Department of Defense and has the opportunity to participate in all meetings pertaining to

small-business problems, and in the preparation of all instructions and directives affecting the conduct of the DOD small-business program.

Development of such policies as DOD Directive 4100.10, DOD Instruction 4100.20, and revision of DOD Instruction 4100.09, in all of which consultations were held with SBA, have been discussed above.

The result has been that in the opinion of SBA that directive 4100.9 has been so revised that proper implementation and administration will assure an increase in the share of small-business concerns in the defense dollar.

New joint determination agreements with other Government departments should result in material benefits to small-business concerns. The SBA states that it will continue to seek every available means consistent with its legislative authority to improve the share of contracts going to small-business concerns.

4. Section 212 (d) of the Small Business Act provides an appeal procedure for small-business concerns who are low bidders on Government contracts, but to whom a contracting officer has determined an award will not be made because in his opinion the concern would be unable to perform because of lack of capacity and credit. Where an appeal is taken the award of the contract is delayed, and the firm is given an opportunity to appeal to the SBA for a certificate of competency. An analysis is made of the final status of the firm and of its production and management capabilities. If SBA findings are favorable a certificate is issued. This certificate is binding on the contracting officer on questions of capacity and credit. The extent to which this procedure has been utilized has been discussed in section (ii) of this report.

5. Periodic reports are obtained from Federal departments concerning their replacement of contracts and on subcontracting. Monthly meetings are held between the military services and SBA to analyze current statistical reports to determine areas in which the small-business program may be extended. SBA is working with the Department of Defense to establish in more detail a statistical report of subcontracting by large prime contractors.

6. The problems of small-business concerns in obtaining scarce materials are processed through the Office of Defense Mobilization and the Department of Commerce.

7. The National Advisory Board and an advisory board in each of the 14 regions have been established representing all aspects of business activities in all parts of the country. SBA considers that their suggestions have been extremely helpful in the formulation of programs to assist small business to obtain an increasing share of Government contracts.

Department of Commeree.—The prime activity on the part of the Department of Commerce in aid of small-business procurement is its daily publication known as The Synopsis of United States Government Procurement, Sales, and Contract Awards. This publication had its origin in 1950 with the publication of advance procurement information. Later a second section was established consisting of the daily publication of contracts awarded for its use by firms seeking subcontract connections. Still later a third section was added in which all joint determinations for contracts appropriate to small business were listed. In 1954, notices of surplus sales appeared in a new section 4 of the synopsis. This publication was placed on a subscription basis in 1953 for mail delivery directly to subscribers. As of the end of 1955, the paid subscription list had increased to approximately 15,000 copies, predominantly to smaller concerns. The Department of Commerce attempts continually to improve the quality and scope of this analysis. New elements introduced into the system of reporting by the Armed Forces including the following:

1. Reporting for synopsis of all procurements for both bid and negotiation valued at $10,000 or more, except for security items, studies and surveys, perishables, patented or secret process items and emergency items required too quickly (minimum 10 days) to permit manufacturers dependent on the synopsis to secure bid sets and submit offers.

2. Placing of responsibility for synopsis reporting with official of authority at each procurement office.

3. Establishment of system of policing procedures to see that orders for reporting are carried out.

4. Improve description for bid invitations, request for quotations and awards to provide data as to sizes, materials, use, etc.

5. Wherever possible indicate in award data items likely to be subcontracted.

6. All joint determinations will be published in the synopsis.

The Department advises that voluntary reports from business firms indicate that the bid list has been increased, price competition has become keener, sub-

contracting is increased, and contract predeterminations made by SBA officials are being widely advertised by the synopsis publication.

Atomic Energy Commission.—The policies, procedures, and administrative arrangements regarding small business carried on by the Atomic Energy Commission are set forth in the AEC Manual, chapter 9132. The AEC overall small-business program is directed primarily at the subcontracts placed by AEC cost-type contractors. The AEC operations offices and the cost-type contractors are required to set up suitable programs and to submit a quarterly report regarding certain specific items of information. The specific policies to achieve these general objectives are set forth below:

(*a*) Procurements shall be examined to determine if they are suitable for performance by small-business concerns.

(*b*) Maximum practicable small-business participation shall be achieved in procurements which are suitable for performance by small-business concerns.

(*c*) Procurements suitable for performance by small business shall be divided into sufficiently small lots to enable small-business concerns to participate.

(*d*) Subcontracting to small business shall be encouraged regarding those items which are suitable for performance by small-business concerns.

(*e*) The Commerce Department Synopsis of Procurement, Sales, and Contract Awards shall be employed to identify and publicize advertised and negotiated procurements in accordance with section 9132–11.

(*f*) Tie bids involving one or more small-business concerns shall be resolved by making an award to a small-business concern subject to the procedures and exceptions set forth in subsection 9105–1120.

(*g*) Small business policies stated in this section shall apply to groups of small business concerns which have been authorized to operate as small business production pools and have been certified as small business by the Administrator of the Small Business Administration.

(*h*) AEC shall cooperate with the Small Business Administration in carrying out the AEC-SBA Agreement set forth in section 9132–10.

(*i*) AEC shall cooperate with other departments and agencies which are concerned with small business matters.

(*j*) Managers of operations shall appoint small business representatives in their procurement offices and shall require cost-type contractors to make similar appointments in their organizations.

(*k*) Managers of operations shall assist and require their cost-type contractors to establish and maintain appropriate small business programs and contacts for small business concerns desiring to do business with AEC.

(*l*) Small business concerns shall be advised regarding the policies, procedures, and activities of AEC and other Government departments and agencies concerned with small business matters.

The Atomic Energy Commission is also active in keeping small business concerns informed with the publication entitled "Selling to Atomic Energy Commission" which is available with the new edition of the publication A Guide for Contracting of Construction and Related Architect-Engineering Services. The AEC invitations to bid are also submitted to the Commerce Department's Synopsis.

AEC's actions toward increasing the share of small business have been arrived at by eliminating conditions which impair small business ability to compete on the basis of equality. To this end it employs as tools—

(*a*) Periodic small business and contract action reports,

(*b*) Regular staff visits to AEC and contractor purchasing offices, and

(*c*) The maintenance of a cooperative relationship with the Small Business Administration.

Mobilization program

Strategic and critical materials.—This program is executed by the General Services Administration under policies and programs established and approved by the Office of Defense Mobilization.

General Services Administration reports that small business has shared substantially in the award of stockpile contracts, but preference is not a problem because of the nature of the industries involved and the availability of the specific materials being purchased. For instance, domestic producers of refined metals such as aluminum, copper, lead, and zinc necessarily are large companies with more than 500 employees. On the other hand, importers of strategic and

critical materials generally employ only a small staff, even though their businesses may be very large in dollar volume. Frequently, sources of the materials are limited with only a few suppliers of a specific material, and purchases must be made from such companies whether small or big business.

GSA has always encouraged small domestic miners and other small sellers to offer materials to the stockpile and has given such offers every consideration. There also is a stockpile program for the purchase of chrome ore and concentrates at Grants Pass, Oreg., which benefits small producers who are delivering chromite to the Government. Many of the other stockpiled materials, ores, and concentrates which are domestically produced by small miners are covered by purchase programs under the Defense Production Act. These programs include chrysotile asbestos, beryl, manganese, mica, and tungsten, and formerly covered columbite-tantalite.

Indirect assistance, of course, is given to small domestic miners by many other stockpile purchases, since the refined metals are produced in part from ores purchased from small miners. Lead and zinc are examples, and the current purchases of these metals against the long-term stockpile objective might keep small lead and zinc mines in production.

When bids are advertised, particularly for inspection and other services, general GSA instructions with respect to purchases from small business are followed in the award of contracts. Under such circumstances, if there should be a tie bid involving a small business and a big business, the contract would be awarded to the small business. However, it may be noted that such companies are usually small companies, so that the question is not generally involved.

No financial assistance is given under the stockpiling program either to large or small business.

In the administration of the Defense Production Act programs relating to minerals and metals, the mandate of Congress that small business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of the act, has been carried out to the extent practicable.

In its efforts to expand production of minerals and metals GSA has endeavored to adopt policies that would encourage and permit small business to participate to the fullest extent in the Defense Production Act programs. In fact, great effort and time are frequently employed by the Government in assisting small business enterprises to work out the complexities necessarily encountered in expanding productive facilities, since small business generally is not equipped or staffed to accomplish this alone.

Obviously, under emergency legislation, such as the Defense Production Act, requiring utilization of the entire mining industry, both large and small businessness enterprises must be pressed into greater activity. The efforts of both large and small business are required and necessary. Frequently, the size of the project involved is so large, the technical know-how so limited, the financial hazards so great, that only big business is available to perform the services and produce the materials required. On the other hand, the small producer and the submarginal producer are called upon to contribute to the extent possible and the Government assists and encourages them to the extent permitted by law. Financial assistance is given them under terms and conditions that are not available in commercial banking; also technical and managerial aids are accorded to assure the success of the venture. The small producer's contribution is always needed, welcomed, and encouraged, and the success of the minerals and metals program is due in large part to the contributions of small business.

Early in the Korean hostilities purchase programs were established designed especially to encourage and stimulate expansion of domestic production by small producers. These programs cover such commodities as asbestos, beryl, columbium-tantalum, manganese, mica, tungsten, and, more recently, mercury. Under these programs, the Government agrees to buy over a definite period of time at fixed prices (generally over market price) the production offered which meets specifications. Formal contracts are not required. All may participate who wish to do so, but participants are not obligated to make deliveries. Minimum delivery quantities are not required in certain of the programs. In others, the minimum quantities are kept as low as practicable, and payment is made following acceptance of each delivery. For certain of the commodities depots are established in producing areas where purchases are made. In others, shipments are accepted by the Government at the nearest railhead of the producer.

Participation in most of these programs has been very active. The majority of the participants are small producers who in many cases would not be in production except for the encouragement offered by the Government.

Maintenace of the mobilization base.—Under DMO VII–7, issued by the Office of Defense Mobilization, the Department of Defense is required to select those facilities which produce, or are capable of producing, critical or important military items or components and to maintain such facilities to the fullest possible extent. Facilities selected for the maintenance of the mobilization base include small as well as large business establishments. Those selected are given preferential treatment in current procurement.

The Department of Defense program is guided by Defense Directove 3005.3 under which awards are made to companies on a preferential planning list. Defense Directive 3005.4 requires a quarterly report on the mobilization base program, and was recently amended pursuant to the suggestion of the Senate Select Committee on Small Business to show the percentage of awards to both large and small business firms.

As that committee recently reported in its sixth annual report, as of September 30, 1955, 212 awards have been made pursuant to Directive 3005.3. These totaled $1,306 million, of which 31 went to small business in the amount of $40 million. In terms of total value the small business awards amounted to approximately 3.7 percent. Of the 212 awards, 65 were given to firms considered new to the production of the item involved, of which 18 (or 27 percent) are small business.

The Select Committee on Small Business also pointed out that an earlier recommendation had not yet been implemented by the Defense Department that representatives of the three services and the Small Business Administration be appointed to review all items on the preferential planning list to determine which are capable of being produced by small business.

Production equipment program.—In January of this year the Office of Defense Mobilization submitted a report to the Select Committee on Small Business which constituted a review of the current status of the ODM programs and planning as they related to the machine tool industry. No purpose will be served in repeating the details of this report here; activities of particular relevance to the small business field are summarized briefly.

The machine tool industry is largely made up of companies employing fewer than 500 employees. The ODM reports that during the past year considerable progress was made toward finding adequate solutions to production equipment problems. Among these were satisfactory control over leasing of Government-owned equipment and nondefense production problems; the coordination of all leasing proposals and all other important production equipment issues for the Small Business Administration and other interested Federal agencies; the development of the program for enlarging Government-owned reserves of elephant tools which would go into machine tool builders' plants; the elephant machine tool expansion program; the determination of adequate and competitive rental rates for Government equipment leasing; the further expansion and development of a central inventory record of all Government-owned production equipment; and the tightening of policies and regulations designed to prevent dissipation of Government-owned production equipment mobilization base via surplus sales channels. By way of example, the ODM report indicates that the leasing of Government-owned equipment for nondefense production purposes has been only a fraction of the percent of the estimated total of production equipment items which the Government owns.

In January of this year the ODM and the Department of Defense jointly revised their directives on machine tools and production equipment to provide for an annual review of all machine tools held by the Government and to provide that the military services will request annual appropriations for replacement of obsolete equipment. It may be expected that this new program will also result in benefits to small business machine tool producers.

(iv) A full and complete statement of the recommendations made by the procurement agencies and other agencies consulted by the Office of Defense Mobilization

Small Business Administration.—The full development and implementation of current small business programs should result in improved and more productive methods of assisting small firms to increase the share of procurement going to small business. Continuing review and study of current procurement practices should develop improvements in these problem areas:

1. Complex Government procurement regulations need revision, particularly with relation to simplifying, clarifying, and consolidating them to enable small firms to compete more readily. The lengthy period from the award until the first

check is received, unnecessarily restrictive or inadequate specifications and procurement descriptions, inspection procedures, packaging requirements, shipping requirements, refusal to recognize customary commercial standards wherever possible, short delivery schedules, short bid time, and use of "or equal" in lieu of proper specifictions have been detrimental to small concerns. A postaudit study of current individual procurements would be a means of determining areas in which small business participation should be increased.

2. Develop a more careful control of Government-furnished facilities and equipment in order to assure that their use does not unnecessarily compete with productive capacity of small concerns capable of doing the same job.

3. The use of negotiation in procurement of items which small firms can supply rather than the advertising process should be improved, particularly in the scope of the solicitation and the publicity given to procurement actions.

4. Continued efforts to expand small firm's participation in the areas of mobilization planning, qualified products items, as well as subcontracting are needed.

5. Improvement of progress payment procedures should be undertaken to better enable small concerns to produce a military contract without unnecessary financial burdens.

6. The designation of procurement as "emergency" should be fully justified and allowed only when definite legitimate reasons are present and are approved by higher authority than the contracting officer.

7. Consideration should be given to relaxing legislative restrictions requiring review of Government commercial and industrial-type operations before discontinuance in order to get the Government out of competition with small business.

8. Consideration should be given to amending title II of the First War Powers Act to provide more realistic relief to small concerns who suffer unexpected loss on Government contracts through no fault of their own.

9. Consideration should be given to revising renegotiation procedures to assure a reasonable profit to prime contractors in items which are subcontracted.

Department of Defense.—The Department of Defense recommends thoroughgoing implementation of the revised small-business program with continuing reliance placed on the following factors:

1. Spirited leadership from the Secretarial levels;
2. Close cooperation with the Small Business Administration;
3. Introduction of further policy and procedure revisions as rapidly as the merit of new proposals can be determined;
4. Obtaining and maintaining maximum quality and morale among small-business personnel.

The Department of Defense also specifically recommends:

That the Civil Service Commission take prompt action to develop class specifications entitled "Small-Business Specialist" which will clearly describe the duties and responsibilities, typical tasks, and qualifications required in such manner as to distinguish that class from every other class of positions, thereby providing an adequate basis for allocation of positions to that class and for the establishment of appropriate grades and equitable compensation for personnel performing small-business functions.

General Services Administration.—An increased share of procurement depends upon a solution of the problem of financial assistance sought by small business concerns.

Atomic Energy Commission.—The problem requires examination of each individual agency's operations to determine which procedures can best accomplish the desired results. AEC emphasizes the importance of subcontracting in its own procurement.

Department of Commerce.—By law and by Presidential decree (Executive Order 10323) all authority and responsibility for assisting smaller concerns to participate in the procurement activities of the Federal Government was removed from the Department of Commerce and vested in the new independent agency first called the Small Defense Plants Administration and later the Small Business Administration. Therefore, such comment as we make in the field of procurement is based on judgments concerning the propriety and economy of governmental activity rather than on our actual current participation in the contract and procurement field.

1. It is observed that the delegation of responsibility to any single agency to assist, protect, or shepherd one segment of the business community (small business) and to assure it a fair share of the Government's business tends toward relieving the several agencies which have procurement authority of that responsibility. Even if this were not the case it would seem to be organizationally

impractical for a temporary and independent agency to effectively dictate basic contracting policy or procedure to a permanent Cabinet ranking agency. It is suggested, therefore, that the Congress give serious thought to measures for placing responsibility upon the heads of major agencies having contracting and procuring authority for the fair and equitable distribution of Federal business under their jurisdiction to small concerns and holding them accountable to the Congress for such practices, not on a percentage or set-aside basis but on a "fair participation" basis.

2. It has been noted by the divisions and offices of the Business and Defense Services Administration that specialized Government specifications for common use or "shelf" type items preclude many a small concern from offering low prices for commercially accepted and proved items which are essentially the same as those being purchased by Federal agencies. In nearly every case strictly military items are not interchangeable with common-use items but thousands of housekeeping, office, construction, automotive, etc., items used by the Government require no different specifications than those which serve the general public. It is suggested that either through Presidential order or by a joint resolution of Congress a time-limited study be instituted by procuring agencies to identify common-use items for which Federal specifications can be canceled and commercial specifications substituted.

3. Activities by the Business and Defense Services Administration in the small-business area indicate that one deterrent to contracting by smaller concerns with Federal agencies is the long period of time between delivery of goods or services and the full payment of the account. Small concerns usually do not have sufficient capital spread to await payments on a series of contracts, and, therefore, do not bid. Not only are the small concerns isolated from contracts because of this condition but Federal agencies fail thereby to enjoy the advantages of price and production flexibility available among smaller manufacturers. It seems likely that remedy for this situation may lie in a strengthening of authority for progress or "as delivered" payment. Still another cure for neglect or unreasonable delay in payment of invoices for accepted deliveries may be legislation requiring the payment of interest to the supplier for invoices remaining unpaid after a prescribed reasonable period of time.

4. A large quantity of a variety of machine tools which were purchased by the Federal Government during World War II and the Korean action are now in storage either in warehouses or in the plants to which they were originally assigned for war work. Some of these machine tools in the warehouses are grouped with others in so-called package units. Although technological development may "date" these tools, they are generally in good condition and in an emergency could produce materials of war until new and better units could be produced. During the past year a number of suggestions have been made by industry and Government officials that these tools be made available at nominal rental rates to the firms where they are stored and to other firms which can show an economic need for them, regardless of whether or not they are to be used for military production. A number of such leases have been made. BDSA has opposed this movement largely because of the potential competitive advantage which such a practice could give to firms successful in obtaining them. Small concerns should endorse this BDSA policy as a protection to their competitive position in the civilian goods market. There are not enough tools to supply all smaller concerns, many small shop operators would not know about the availability of the tools nor how to proceed to obtain them, and thus the large and small concerns which were able to secure these stockpiled tools for nondefense production would have an important price advantage over their less fortunate competitors. A further factor opposed to the promiscuous leasing of Government-owned machinery is the need for the best of care for them so that they can perform accurately their assigned task in case of emergency.

(v) Specific recommendations by the Office of Defense Mobilization for further action to increase the share of procurement going to small business

In the preceding section of this report we set forth the recommendations of those agencies most directly concerned with defense procurement. Most of these recommendations are consistent and could have a beneficial effect toward increasing the share of procurement going to small business.

The Office of Defense Mobilization wishes, however, to emphasize certain specific recommendations and to suggest a few additional ones.

1. The new policies of the Department of Defense toward small business procurement represent a clear recognition and acceptance of the Department's

responsibility in this area. It would seem that the next important administrative problem is to see that these policies are properly interpreted and effectively carried out on the lower echelons.

The importance which the Office of the Secretary of Defense and the offices of the Secretaries of the three military departments place on the need to expand the contracting area should not be lost in translation of the variety of regulations, directives, and orders with which the contracting officers have to deal.

2. The areas of joint determinations and set asides should be expanded. It may be that many of the contracts awarded as part of the set-aside program might have been awarded in any case to small business firms, but, it would seem that the area jointly screened for set-asides with SBA should nevertheless be considerably expanded. For more effective administration, DOD should make studies of different procurement programs and different procurement centers for the purpose of identifying programs where small business is either receiving its fair share or additional action is indicated.

3. The mere expansion of the area set aside for small business procurement would accomplish little unless there is a concurrent enlargement of small business sources capable of producing contracts. Therefore a search for new small business sources for inclusion on bid lists and on lists for invitations to submit proposals should be intensified.

4. So that new small business sources will be in a position to undertake these contracts new programs of financial assistance will be needed. Within the past few weeks the Small Business Administrator announced a new loan program which should prove helpful. Experience will be needed to test its effectiveness.

5. As to contracts for procurement in set-aside areas, the present policy of eliminating big business competition should be continued. In addition, more contracts might be placed by negotiation with small-business firms.

6. The whole problem of the effect of awarding contracts by negotiation as opposed to advertising for competitive bids should be examined more closely. In addition to the set-aside areas there are doubtless many instances where small business would have a better chance to receive the award on a negotiated basis and if they were not exposed to loss-leader competition on the part of larger enterprises.

Additional studies should be made of procurement from sole source categories for the purpose of analyzing why small business was not solicited on subcontracting.

7. It seems clear that the placing of contracts on an emergency basis is neither required nor justified at the present time. We strongly support the recommendation that such emergency procurement be reduced to the greatest possible extent.

8. If real progress is to be made in increasing the share of small business in defense procurement it would seem indispensabte that procurement regulations and the contracting procedures, including specifications and descriptions, be simplified. Bid time and delivery schedules should be increased where possible. Payment procedures should be improved so that the small concern may operate without having its funds tied up over too long a period of time.

9. Statistical data pertaining to some contracting will have to be improved still further if an accurate picture of the small business share in the subcontracting chain is to be clearly understood.

The Department of Defense expects soon to undertake a new reporting technique but consideration should be given to including in the Bureau of the Census Annual Survey of Manufacturing data concerning shipments which would reveal what portion was made against prime contracts and subcontracts.

10. It is recommended that the Small Business Administrator create a permanent interagency task force for the purpose of exchanging views. Regularly scheduled meetings should be held on the effectiveness of the existing small-business programs and on ways to meet new problems as they arise.

11. Recently the Office of Defense Mobilization had its Defense Facilities Maintenance Board include the Administrator of the Small Business Administration as a member. Similarly, representatives of the Small Business Administration should serve as members of a Department of Defense board to review items on the preferential planning list to determine which items can or cannot be produced by small business.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1956

WEDNESDAY, APRIL 25, 1956

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
SUBCOMMITTEE ON PRODUCTION AND STABILIZATION,
Washington, D. C.

The subcommittee met, pursuant to recess, in room 301, Senate Office Building, at 10:07 a. m., Senator J. Allen Frear, Jr. (chairman of the subcommittee) presiding.

Present: Senators Frear and Bush.

Also present: Senator Bennett.

Senator FREAR. The subcommittee will come to order.

We have with us this morning the Secretary of Commerce, Mr. Weeks. We are mighty happy to have you here, and I assume that we can give you credit for bringing the sunshine today. That is an added pleasure.

Senator BUSH. Mr. Chairman, might I ask the privilege of making a brief statement before the Secretary testifies?

Senator FREAR. Surely.

Senator BUSH. I am sure the Secretary will be interested in this statement, for various reasons. It will not take me more than a few minutes.

Senator FREAR. All I was going to say, Senator, was that the men with the Secretary are also welcome this morning. We are looking forward to having your testimony and advice and opinions, to enable us better to form a decision on the legislation before us.

The Senator from Connecticut.

STATEMENT OF PRESCOTT BUSH, A UNITED STATES SENATOR FROM THE STATE OF CONNECTICUT

Senator BUSH. Mr. Chairman, the proposed amendment to the Defense Production Act sponsored by the Senator from Utah is a distinct threat to the economic well-being and future development of my own State of Connecticut and other States whose productive facilities have contributed so much to the national defense.

The effect of the amendment would be to make a so-called principle of geographical dispersal the controlling factor in Government decisions on industrial location and expansion, and this would apply not only to defense-production facilities but, in the amendment's own language, to "any industrial facilities."

In this atomic age, no one in his right mind would argue that undue concentration of targets should not be avoided. We cannot afford to

have all our industrial eggs in one basket. The question of separating, by reasonable distance, the production facilities which are vital to our national defense must, obviously, be considered when Government officials make decisions.

But geographical dispersal is only one factor. There are many other important factors which also must be taken into account. As brought out in the hearings on Monday, these include the degree of structural protection which can be provided, the existence of needed water supplies, a skilled labor force, technical knowledge, the necessity of maintaining an effectively functioning urban economy, and so forth.

To require decision-making officials to focus primarily, if not exclusively, on the so-called principle of geographical dispersal, as the amendment proposes to do, would multiply many times the political pressures upon these officials. They would be urged to grant or withhold Government procurement, financing, tax amortizations, and other forms of Government assistance as devices to promote the economic development of some States and regions at the expense of others. I urge the subcommittee to refrain from opening this Pandora's box of evils.

A comparison of the language of the Bennett amendment with the policy now being followed by the Office of Defense Mobilization reveals how confining would be the straitjacket in which the Senator from Utah proposes to rope officials of the executive branch.

In reaching decisions which can have the most far-reaching effects upon the national economy, the only factor mentioned in the amendment which these officials must consider is the so-called principle of geographical dispersal. And, judging from the statements of the Senator from Utah, he means dispersal on a broad scale, not within States but among the several States.

In contrast, the ODM policy clearly recognizes that in some situations effective dispersal is possible within the boundaries of a State or region. Among the eight separate and distinct criteria listed in the ODM statement is "the ground environment or natural barriers which might provide added protection to the facility." In many States, including my own, there are features of the natural terrain which provide such protection.

ODM policy also recognizes that there may be situations in which the advantages of geographical dispersal may be outweighed by the disadvantages of locations distant from centers of population, supplies of skilled labor, technical knowledge, and so forth. This recognition is inherent in criteria No. 8 of the ODM policy, "the economic, operational, and administrative requirements in carrying out the function for which the facility is to be provided."

Moreover, the ODM policy on dispersion is confined to "facilities important to national security" whereas the Bennett amendment would apply to "any industrial facilities."

In short, the Bennett amendment seeks to substitute a meat-ax approach which would have far-reaching and detrimental effects upon many States and regions for a careful case-by-case analysis in which the national interest has been fully protected.

I thank the chairman for this privilege, and I am thankful to the Secretary for his patience.

Senator Frear. Mr. Secretary.

STATEMENT OF SINCLAIR WEEKS, SECRETARY, ACCOMPANIED BY FREDERICK H. MUELLER, ASSISTANT SECRETARY; H. B. McCOY, DEPUTY ADMINISTRATOR, BUSINESS AND DEFENSE SERVICES ADMINISTRATION; HAROLD B. CORWIN, DEPUTY GENERAL COUNSEL; AND KENNETH F. McCLURE, ASSISTANT GENERAL COUNSEL, COMMERCE DEPARTMENT

Secretary WEEKS. Mr. Chairman and members of the committee, I am here today at the invitation of the committee to testify with respect to a further extension for a period of 2 years of the Defense Production Act of 1950, as amended. This extension is proposed in S. 3407 currently under consideration by this committee.

I support such an extension because there is a vital and continuing need at this time for the authority which the act confers. I am sure that the committee will agree with me that right now, while we are at peace, is the time when we as a Nation can and must move effectively in the direction of a state of national mobilization readiness prepared for any emergency. There can be little disagreement as to the tremendous contribution which such a state of readiness could make to our national survival and recovery should trouble actually occur.

I hope that my remarks to this point will not convey the impression that I am taking this occasion to sound a note of alarm. My remarks are merely intended to emphasize for the record the necessity for keeping in effect the present Defense Production Act powers and authority which lie at the heart of this Government's plans and efforts both in the area of current military production and construction and in the area of industrial mobilization. I might add that in my opinion we are already well on our way toward reaching the necessary condition of national readiness.

As was true when I testified last year, the Department of Commerce continues to bear major responsibility for operations under the act affecting the greater portion of American industry. These operations represent a significant part of the broad responsibilities which have been assigned to the Department of Commerce by the President through the Director of the Office of Defense Mobilization. These extend both to the area of current defense production and to the area of industrial mobilization and readiness. Within the Department of Commerce operations under the Defense Production Act are carried out largely by our Business and Defense Services Administration and also by the Bureau of Foreign Commerce, the Census Bureau, the Defense Air Transportation Administration, the Maritime Administration, the Civil Aeronautics Administration, and the Bureau of Public Roads.

Based upon the title I, priorities and allocations, provisions of the Defense Production Act, the Business and Defense Services Administration currently maintains and administers a materials control system, commonly referred to as the Defense Materials System, which is designed to assure an uninterrupted flow of the products and materials required to meet the present and potential military and Atomic Energy Commission production and construction programs. At the present time, there are a few areas in which a shortage of materials and products exists. These shortages are basic and arise from the rapid expansion of our economy rather than from military demands. Defense

requirements for these few items are not deemed to be of such magnitude as to justify the imposition under section 101 (b) of the act of allocations to control general distribution in the civilian market. Such controls would not augment the total supply and could only represent an initial backward step in the direction of restoring the Government to a position of regulating the business of a vast number of private enterprises. This, however, does not gainsay the necessity for keeping on the books the priorities and allocations powers which are highly useful in avoiding delays and difficulties in meeting military and Atomic Energy Commission schedules. Recurrent requests from the armed services for special priorities assistance under the act indicate the continued need for these powers.

In my opinion it is likewise desirable to continue in force the present authority for needed expansion of productive capacity and supply as provided by title III of the act. Here, again, the Department of Commerce plays a significant role in the administration of these powers. Units of the Department keep in close touch with the industries supplying products and services essential to mobilization. In addition, they are engaged in making special studies of available production capacity to meet mobilization requirements for the products of the industries assigned to them. These studies afford the basis for recommendations and advice by this Department to the Director of the Office of Defense Mobilization respecting proposed action by the Government in exercise of the expansion powers under the act, as for example the establishment or closing of expansion goals. This Department also makes recommendations to the ODM in connection with applications for accelerated tax amortization certificates under the Internal Revenue Code.

I feel I should not let this occasion pass without commenting publicly and for the record on the invaluable contribution which WOC's appointed under section 710 (b) of the act have made and are making today toward the attainment of an adequate mobilization preparedness posture. Without their patriotic and unique assistance—and the WOC authority and program should by all means be continued—the task of the Government in preparing for possible emergency would be rendered infinitely more difficult.

In this connection, I hope the committee has had time to consider our responses to inquiries by the chairman of the Senate Banking and Currency Committee as to the manner in which the WOC program is presently being administered in the Department of Commerce. I think the commitee will find this information helpful.

An Executive Reserve program was authorized by the additions of subsection 710 (e) in the 1955 amendments to the Defense Production Act. As implemented by Executive Order 10660 and Office of Defense Mobilization DMO I–21 the responsible mobilization agency would set up a training program for persons to be called in to fill executive positions in their respective fields of competence in time of mobilization. Actually, the list of prospective members of the executive reserve of the Department of Commerce is made up of a few hundred persons who, generally speaking, have served either as WOC's or as career employees in the Business and Defense Services Administration or its predecessor agency, National Production Authority. They will be selected on the basis of their prior training and qualifications to fill

key executive positions in time of emergency and asked to agree to make themselves available in the event of mobilization. Those selected will be invited to return to the Department once or twice a year for not over 2 or 3 days for a refresher course, as it were. By the terms of the above-mentioned orders the Reserve program is limited to mere training activities and reservists are precluded from advising, consulting, or acting on any matter pending before any department or agency.

The 1955 amendments to the act, by the addition of section 710 (b) (6), required the filing of financial statements by WOC's with statements filed every succeeding 6 months showing changes in interests held during that period. To date business executives entering on active duty as WOC's in the BDSA of the Department of Commerce have complied with this requirement while in the Government employ.

The Banking and Currency Committee of the House of Representatives reported favorably on House bill H. R. 9852, the House counterpart of the bill now before this committee, with an amendment requiring the same public filing of a statement of financial interest that WOC's are required to file under section 710 (b) (6).

It is my considered opinion that patriotic citizens who, at their Government's urging and pursuant to an act of Congress, voluntarily undergo short periods of training to maintain themselves currently effective for service during future national emergencies should not be required to publicize their private financial affairs.

In a letter to the chairman of the House Committee on Banking and Currency under date of March 28, I pointed out that despite the known willingness of men of standing and ability to prepare themselves to serve their country without pay in times of national emergency, in my judgment, the proposed amendment will make it virtually impossible to recruit an adequate Executive Reserve and will probably destroy the program. Director Flemming, on the same date, in a similar letter to Chairman Spence, said, "I have little doubt that such an amendment would greatly hamper, if not preclude, the successful establishment of a Reserve capable of carrying on the extraordinary affairs of Government in time of mobilization." Unless the Congress wants to dispense with the Executive Reserve provided for in the 1955 act, I consider this filing provision in the House committee's bill simply must be eliminated. I can conceive of no reason why a man should publicize his private financial affairs merely to have his name go on this Executive Reserve list where he has no present duties and puts in each year only a matter of days to keep up to date on his possible duties in time of emergency.

Mr. Chairman, this concludes my statement. I am very happy to have had a chance to make this statement to the committee. I would just add this word: I am extremely hopeful that the action taken by the House committee may not be the final action of the Congress. On the matter of members of the Reserve filing financial statements, I am sure that it will kill the program, for no good purpose.

Senator Bush. May I ask a question, Mr. Chairman?

Senator Frear. The Senator from Connecticut.

Senator Bush. When Dr. Flemming was down here Monday, he testified to the effect that the statements required under the amendment we put into the 1955 act for the WOC's which required them to

state every 6 months the interests, if any, that they had, or to state whether they had any interests or what companies they were in, did not in any way handicap the program. Do you recall that, Mr. Chairman? Is that substantially what he said?

Senator FREAR. That is my understanding.

Senator BUSH. Your statement refers to the amendment for the Executive Reserve, which is a different group of men, of course, and not a full-time group, which the WOC's are, at least during the period they are in service. I take it that you mean to differentiate between these two groups. Do you have any objection, for instance, to the requirements presently existing for the WOC's respecting financial statements?

Secretary WEEKS. Senator Bush, when I went before the House committee, I did make a statement that I hoped that the provision for filing might be elimintaed, so far as WOC's were concerned. I have not made that statement here, although it is my belief that it is unfair to single out this one group of individuals in the whole Government as the only ones who have to file. But I am not making that plea to the committee here today. I am distinctly differentiating between those who come down here and work here for a period and file under the amendments set up by the 1955 act and the people who sign up for this Reserve.

I would like you just to visualize what they do. You are a manufacturer in Connecticut. You are asked to join this Reserve, and you signify your willingness to do it. You come down maybe a couple of times a year for 2 days, to get brought up to date on how this thing works. You do no work. You give no advice. You do nothing except take a short refresher course. If any trouble occurs, then they are available, but until trouble occurs they do not do any more than that, and to ask them to publicize their financial affairs—I just do not see how you can get people to do it.

Senator BUSH. If this Executive Reserve was called into action in an emergency, then they would become WOC's and subject to that provision of the act; is that not true?

Secretary WEEKS. Yes, certainly. The minute they come on the roll and stay here and go to work they would file.

Senator BUSH. Am I correct that the provision requiring statements from the WOC's does not require a detailed statement as to the extent of holdings, but rather just speaks of the individual case—"I do have an interest in Kennecott Copper" or "I do have an interest in U. S. Steel"—but does not have to say 10 shares or 10,000 shares, just the fact that he has an interest? That has not proved to be too much of an embarrassment, would you say, to this point?

Secretary WEEKS. It has not stopped anybody that we know of from signing up or staying signed up, so to speak.

Senator BUSH. Does the amendment which you object to in the House bill require more detail than that for the Executive Reserve officers, or does it require the same disclosure that is required for the WOC's?

Secretary WEEKS. Identical filings.

Senator BUSH. With the WOC's?

Secretary WEEKS. Yes, sir.

Senator BUSH. In the present law?

Secretary WEEKS. Yes, sir.

Senator BUSH. And although that is not detailed, you still feel nevertheless that any statement requiring the Executive Reserve to disclose the fact that they have any interests in any company would be a deterrent to building up that Reserve?

Secretary WEEKS. I believe it would, sir, and it would serve no good purpose for the Government to get it from the Reserve because they are not here as employees. The minute they come here and stay here and go to work, then they will have to file.

Senator FREAR. I believe, in support of what you have just said, Mr. Secretary, that it might be well, if you have no objection, to put into the record section 5 of the President's Executive Order 10660, which states:

> Activities of persons by reason of designation as Executive Reservists under this order shall not include acting or advising on any matter pending before any department or agency, but shall be limited to receiving training for mobilization assignments under the Reserve program.

Secretary WEEKS. That clearly defines the line between the two groups.

Senator BUSH. I have no other questions.

Senator FREAR. May I ask, Mr. Secretary, just along this line, what kind of training does the Executive Reservist get? Is it lectures and talks? How much detail as to the operation of the functions they may be called upon to perform are they familiarized with?

Secretary WEEKS. May I ask Mr. McCoy, the Deputy Administrator, to answer that.

Mr. MCCOY. Mr. Chairman, the complete program for training executive reservists has not as yet been worked out. We plan, if we can continue the program, to bring them to Washington once or twice a year, depending upon circumstances, to hear the various officials of Government who are concerned with our mobilization planning program—the Secretary of Defense, Secretary of Commerce, Dr. Flemming—and then in addition to present them, so far as we can within classified limits, the kind of planning and blueprinting that is being done for emergency action of the Government in time of war, and so far as possible the kinds of responsibilities that they as a group would be asked to undertake, largely in the field of the civilian agencies having to do with controls of materials and production, programing, and matters of that sort which would be involved if we were in an emergency requiring the Government to take over in many cases the control of economic matters.

Senator FREAR. Do you think, Mr. Secretary, that it might be helpful to have authorization in this program for your men that you call upon in this category to have access to the War College or other Defense Establishment programs? To coordinate the civilian with the military?

Secretary WEEKS. As I visualize it, they would come in here for a couple of days' refresher course. Practically all of them will have had some experience here as WOC's or as career people. As time goes on, if we stay at peace, we will build up more and more people who have been through the mill on this WOC basis or in the career service, and they will just come back and be brought up to date on the mechanics of the operation, as to how it is changed and so on. I would say, subject to the security considerations, which I assume would

be taken care of, that they wouldn't be a reservist unless they were cleared, and that they should have access to what is going on in the process of handling the Office of Defense Mobilization.

Senator FREAR. If such an anthorization were placed in this, it certainly would not be a deterrent or a disadvantage to you in your position of recruiting reservists, would it? If it does not help, of course, I assume there would be no reason to suggest it; but if it would be of some assistance, then I suspect we might be able to get such authorization.

Secretary WEEKS. I certainly do not think it would be a deterrent. I am not sure that it is necessary, but it would be a plus factor rather than a minus factor, to some degree, I should think.

Senator FREAR. But if you see no general need for it, there is no reason to encumber the legislation with things that are not of advantage.

Secretary WEEKS. I would like to ask Mr. McCoy.

Mr. MCCOY. I would say, Mr. Chairman, that it would not be necessary. I believe that we would get all of the cooperation from all departments of the Government that is necessary, because you remember all departments will have their own executive reservists and their own group, and we would expect in many cases to merge all of the activities together so that we would get cross-consultation.

Senator FREAR. It was in that light that the suggestion was made. I recognize the fact that in some of our departments, such as the Atomic Energy Commission, all of the people may not know the workings of every other department, so to speak; but I do think in creating an active reserve in time of emergency we should not handicap the people that you are going to call in to do a job perhaps overnight, without much notification beforehand.

Secretary WEEKS. I think it would be more a plus factor than anything else, but I do not think it is absolutely necessary. That is the only point I would make.

Senator FREAR. Senator Bush, do you have a question?

Senator BUSH. I do, but I did not want to interrupt your chain of thought. Mine is going to change the subject.

Senator FREAR. I suspect mine will, too. May I say at this time, Mr. Secretary, that the personal opinion of the chairman of the subcommittee is that I have great admiration for what not only the Department of Commerce is doing but Dr. Flemming and the other agencies of the Government in establishing a civilian file on people who are qualified and capable of lending assistance of great value to the Government in time of emergency. I want to be of all the help and assistance to the agencies and departments that I possibly can. As you know, in getting legislation through the bodies of Congress, those who are responsible for the action on the floor are subjected at times to questions by other Members, and in order to be fortified with the answers to those questions I would like, before you finish your testimony, to be privileged to ask questions. I can assure you they are in no way personal, but to strengthen the position of the committee so that they can get this legislation through as quickly as possible. If you think any of those questions are not legitimate ones or ones that you would hesitate to answer, I can assure you that they are not intended for any embarrassment or not intended in any way

to place you or the Department in a position in which you cannot defend yourself.

Secretary WEEKS. Thank you, sir.

Senator BUSH. Mr. Secretary, I want to go back to the Bennett amendment, concerning which I made a statement at the opening of this session. Have you had a chance to look at that amendment?

Secretary WEEKS. Yes, sir.

Senator BUSH. Would you like a copy of it?

Secretary WEEKS. I have one right here, sir.

Senator BUSH. Do you care to state at this time whether you favor that amendment or not?

Secretary WEEKS. I think, Senator, that we probably have legislation on the books sufficient to do the job, if it can be done—the job of dispersion. Obviously, under present conditions of possible damage by attack, dispersion is desirable. Everyone agrees to that, I am sure. Dispersion is a very difficult problem through our tax amortization process, rapid tax amortization process, and mobilization goals and planning, and so on. We continually are thinking about dispersion. I think we are not getting along with it as well as you would like to get along, but dispersion is a very difficult problem. With all due regard for Senator Bennett's amendment, I do not think it would help us to get along on the road very much faster than we are.

Senator BUSH. Mr. Secretary, Dr. Flemming testified, in answer to questions which I asked him, that he thought that at the present time, without any amendment to the law whatever, the Office of Defense Mobilization—indeed, the Government—had the necessary authority to carry out a policy of dispersion, and that the passage of the Bennett amendment would not actually enlarge the scope of that authority. "Well, then," I said, "why do we pass an amendment? Why do you favor an amendment when it does not actually increase the authority which you have?" His answer I believe was to the effect that he would like to have congressional endorsement of the policy. He thought it would be greatly fortified by having that.

I would like to say again that I do not see that that makes any sense whatever, and that I am very much afraid that the passage of any such amendment here would be looked upon—and especially the way this amendment is drawn—as somewhat of a mandate for the ODM to go out of its way to disperse where it might not even be necessary in the interests of the whole situation. I am very glad to hear that in your judgment you believe that the existing authority is sufficient to carry out the policy of dispersal without any amendment to the law. Is that correct?

Secretary WEEKS. Senator, let us put it this way: This amendment, I would repeat, I do not think would do much that we are not doing now. And particularly the last sentence, "Nothing contained in this paragraph shall preclude the use of existing industrial facilities," seems to me to water down the instructions in the amendment itself. I think it is highly desirable for this committee and the Congress to take an interest in dispersion of industry, under the conditions in which we live and the world today. I would think that if the committee wanted, in its report on the bill or otherwise, to instruct ODM and the Commerce Department to give an exhaustive look at what we

are accomplishing and how we are proceeding and make recommendations, if there are any, that would come from such a study, that would be highly desirable. But I cannot see that this amendment is necessary or does anything that we are not trying to do today.

Senator BUSH. I am very glad to hear you say that. If you look at page 2 of the amendment, and you read the last sentence, just above that in the preceding sentence it says that each department and agency of the executive branch shall, under the coordination of ODM, apply to the greatest practical extent, consistent with existing law, the principle of the geographical dispersal of such facilities in the interest of national defense. The amendment bases the whole thing on geographical dispersal and ignores whatever other advantages or facilities may be offered in some areas. I think it is a very dangerous amendment for that reason. In my judgment it goes far beyond the existing authority which Dr. Flemming said was sufficient in his judgment to let them carry out a policy of dispersal that they thought was adequate. But this amendment hamstrings this situation and virtually says that the principle of geographical dispersal of facilities is the only element that should be taken care of or should be taken into account in the establishment of new facilities—not existing facilities but expansion of existing facilities, too. I think it is a very dangerous, very bad amendment.

Secretary WEEKS. Senator, I would not recommend laying too much stress on the geographical element. Actually, dispersion means dispersion geographically. If you put five plants in one closely knit area, you would not have dispersion. Now, as we move along in the procurement setup of the Government and defense setup, I think it is wise to have 3 or 4 sources for a particular product or component. If it has but 1 source, or if it has 2 sources and they are right in the same town, then I think we are not wise in failing to try to do something. But I do not think this amendment lets us do anything we are not trying to do now. However, if you had an important component of a jet engine and the only place you could get it was in one particular locality, it seems to me that we are foolish not to geographically distribute the source of supply if we build a new production facility. Do you see what I mean?

Senator BUSH. Yes, I see what you mean, but I still insist that the purpose of the amendment is to insist upon geographical dispersion as the only component of policy in determining where new plants or extensions of plants may be located by the ODM. If you read that amendment carefully, that is all it says. That is the only principle taken into account. I think it is a very dangerous amendment, because it might be misinterpreted and political pressures in areas might be brought to bear on the administration that would be sufficient to compel them to make a very bad geographical dispersal of property. So I am very glad to hear that the Secretary of Commerce has no interest in this amendment and does not consider that it is of sufficient importance for us to pass it.

Secretary WEEKS. Exactly.

Senator FREAR. I do not want the Senator from Connecticut to put words in the Secretary's mouth.

Senator BUSH. The Secretary just said "That's right" after I finished.

Senator FREAR. Certainly the chairman of the subcommittee should not be, I suppose, in the position of attempting to defend the amendment offered by the Senator from Utah, but I would like to point out that I believe the Senator's amendment pertains mainly to where the Government may give some advantage to new construction, for instance, tax certificates, or where there may be some Government money involved, although I do recognize the principle in procurement could perhaps go farther than that.

Mr. Secretary, if it has not already been granted to you, on both of the bills introduced by the Senator from Utah and the Senator from Connecticut your Department will have the opportunity to give its observations. May I say that we would like to have them for consideration of the committee in reply to the general letter that goes out from the committee seeking your advice and opinion on those bills.

Secretary WEEKS. We will provide it, sir. (See p. 115.)

Senator BUSH. Again I did not want to interrupt the chairman, but I did want to make this request—and this is parenthetical to this discussion—that I think, if the chairman please, it would be well to hold this hearing open or hold the record open for a few days, as I believe there may be some people who would like to come here and testify on this amendment.

Senator FREAR. On the amendment offered by the Senator from Connecticut?

Senator BUSH. No, on the amendment offered by the Senator from Utah.

Senator FREAR. I think it is the usual regulation or at least the unwritten rule here anyhow, Senator, that the presiding officer of the subcommittee give advantage to those who would like to appear as far as it is possible. If it is not possible to hold the hearings open so that they can make a personal appearance they certainly will be granted an opportunity to supply information for the record.

Senator BUSH. All right, sir. I have no further questions.

Senator FREAR. If you prefer, Mr. Secretary, I will supply you with a copy of these additional questions, as well as the reporter, and give you the discretion of supplying the answers as soon as possible, not attempting to answer them now. You have the opportunity of taking your choice as to whether you prefer to answer them now or supply the answers for the record, but I hope you will feel free to take advantage of supplying the answers at your convenience, which we would hope, of course, would be rather quickly, as we would like to get this legislation on the road. If you prefer to answer them immediately, certainly the privilege is granted.

(The questions and answers referred to follow:)

Question. I notice that all the job descriptions except that of Mr. Jones, the Director of the Automotive Division, contain an extensive section on the Department's program designed to foster, promote, and develop United States Industry and commerce. These sections describe duties unrelated to defense and mobilization. Was this omitted from the job description for the Automotive Division because the lawyers for the Automobile Manufacturers Association did not think the exemption from the conflict of interest statutes covered these nondefense, nonmobilization activities? (See Celler hearings, p. 497.)

Answer. Yes. The reference to nondefense duties was omitted from the job description for the WOC Director of the Automotive Division because counsel for the Automobile Manufacturers Association was of the opinion that the ex-

emption from the conflict of interest statutes did not extend to nondefense, nonmobilization activities. Although we were willing to make this administrative arrangement to meet the wishes of the Automobile Manufacturers Association, this did not signify that we agreed with the position of its counsel. We have held a contrary view and we invite the committee's attention to the fact that of all the firms and industries that have furnished WOC's this is the only instance where such a stipulation was ever requested.

The Defense Production Act, as is indicated in its preamble (sec. 2), is addressed to problems of our national defense and security and to the mobilization efforts required to meet them. It speaks in broad terms embracing our entire economy. In this context it is often difficult to make a clear distinction between matters which have a defense relationship and those which do not. Only too frequently matters which appear to be primarily of interest to the business community are found to have defense implications of considerable significance. The act does not speak in terms of degrees of defense interest. Accordingly, we have considered that the act, in authorizing exemption from the designated conflict of interest statutes, and Executive Order 10182, in providing such exemption, were calculated to avoid the uncertainties of measuring and evaluating the defense interest; likewise that it was intended that the exemption thus provided was to be a complete one except insofar as the force of those statutes was revived and made applicable to violations of the limitations expressed first in Executive Order 10182 and later written into section 710 (b) (4) of the act and section 201 of Executive Order 10647. Those limitations were in turn intended to serve as complete substitutes for the statutes in question in protecting the public interest in the areas covered by the statutes. In our opinion the limitations are fully adequate for the public protection purposes for which they were intended. Briefly, they provide that the exemption does not extend to:

(*a*) The negotiation or execution, by such appointee, of Government contracts with the private employer of such appointee or with any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(*b*) Making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by the private employer of the appointee or by any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(*c*) The prosecution by the appointee, or participation by the appointee in any fashion in the prosecution, of any claims against the Government involving any matter concerning which the appointee had any responsibility during his employment under subsection 101 (a) of Executive Order 10647 during the period of such employment and the further period of 2 years after the termination of such employment;

(*d*) The receipt or payment of salary in connection with the appointee's Government service from any source other than the private employer of the appointee at the time of his appointment under subsection 101 (a) of Executive Order 10647.

Question. In the Automotive Division, who performs these nonmobilization functions?

Answer. In the Automotive Division the nondefense, nonmobilization duties are handled by the full-time, salaried, career Deputy Director of the Division and other full-time, salaried personnel. The WOC Director is advised to consult with appropriate members of the staff of the General Counsel of the Department in any instance in which there may be doubt as to the existence of a defense or mobilization interest or aspect of the particular matter at hand.

Question. Why could not this practice be followed in all the divisions where the directors are WOC's?

Answer. We do not feel that it would be sound or desirable to adopt the Automotive Division practice generally because of the administrative difficulties which as pointed out earlier would be involved in attempting to determine whether and to what extent a defense interest is present in each case throughout all the activities of the 25 industry divisions of BDSA.

Question. I notice that many of the job descriptions are set up as WOC positions. My understanding was that a WOC would only be obtained if a full-time salaried employee could not be found. How do you reconcile the establishment of these positions as WOC positions with this policy?

Answer. The preparation of certain job descriptions as descriptions of WOC positions is not inconsistent with our policy to fill the positions with full-time salaried employees if possible. Job descriptions must reflect duties and responsibilities as they are actually performed by the person holding the position, whether he is salaried or without compensation.

An earnest and continuing effort is made to find a fully qualified full-time salaried employee for the job. If and when we are successful in finding a qualified full-time salaried employee for the job, an appropriate job description is prepared for him. Jobs as division director now held by full-time salaried employees are routinely so described.

When we are not able to find a fully qualified full-time salaried employee for the job, and hence have to fill the job on a WOC basis, the job description must be drafted to reflect the duties and responsibilities which a WOC may perform within the limits of congressional policy as set forth in the Defense Production Act and Executive Order 10647.

Question. The Civil Service Commission's report (p. 4) on WOC's states that the supporting statements showing that the position requires a person of outstanding experience and ability, that the appointee has the outstanding experience and abiltiy required by the position and that Commerce has been unable to find a person who can fill the position on a full-time salaried basis were not filed by the time the survey was made. How could you certify to these conclusions without these statements?

Answer. The Commission's report as to the absence of written validating statements under section 301 (b) of Executive Order 10647 refers, as we understand it, to some 39 WOC appointments. Of these, 19 were persons appointed prior to August 1, 1955, the effective date of the Defense Production Act Amendments of 1955, and hence were not subject to section 301 (b) in accordance with advice from the Civil Service Commission.

The remaining 20 cases involved appointments administratively approved by the Secretary in accordance with the Defense Production Act, as amended, between August 1, 1955, and December 1, 1955, the day on which the Department received Executive Order 10647. This order prescribed a new requirement as to validating statements for appointments made on or after August 1, 1955.

Action was taken immediately to comply with this requirement with respect to all new appointments thereafter which had not been approved by the Secretary prior to that time. It was not understood at first, however, that the requirement applied retroactively to appointments effected prior to receipt of the Executive order in the Department. Subsequently, the Civil Service Commission advised the Department informally that the requirement applied retroactively to such appointments. Accordingly, the Department proceeded immediately to prepare formal written validation statements reflecting administrative actions and conclusions on the basis of which the appointments in question had been made. It is important to emphasize that the information and considerations which the recent Executive order required to be formalized in written statements were in every case at hand at the time appointments of WOC's were approved by the Secretary. The preparation of the written statements, which was time-consuming, was not completed when the Civil Service Commission inspected our records. It has been completed since that time.

Question. Have you yet complied with this requirement of Executive Order 10647?

Answer: As indicated above, this requirement of Executive Order 10647 has been fulfilled.

Question. Would you please supply for the committee copies of these statements for each of the WOC's now on your roll?

Answer. A copy of the validating statement required for each WOC expert or consultant under Executive Order 10647 who is now on the Department's rolls is attached. (See p. 242.)

Question. I see from your letter that you are not now appointing persons as WOC's unless they are receiving from their private employers more than the amount the positions would pay. I also understand that so far all your appointments have been positions paying less than $14,800. Do you think it is customary in private business to pay a person of outstanding experience and ability less than $15,000?

Answer. It is difficult to answer categorically whether it is customary in private business to pay a person of outstanding experience and ability more or less than $15,000 per year. Earnings are only one indication of outstanding experience and ability, not to be relied upon to the exclusion of other considerations.

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The level of an individual's earnings is often affected by such other considerations as the nature of the industry, and size and ability of the company to pay, and the particular field of expertness and breadth of experience of the individual. It is a fair observation, however, that with few exceptions the WOC's employed in BDSA have been men who in private industry were earning in exeess of $15,000 per year.

Question. Your letter indieates that you have not had difficulties with the problem of WOC's making decisions on policy matters. Could you give us an example of the kinds of decisions which the WOC's have turned over to full-time salaried employees in complianee with the aet?

Answer. Following are typical examples of policy deeisions which are made by responsible full-time salaried Government officials and with respect to which, as provided in the act, the WOC's role is limited to advising such officials:

(*a*) The issuance by the agency of orders and regulations aimed to insure the prompt delivery of materials and products needed for current military and Atomic Energy Commission production and construction programs. Sueh regulations establish priorities to be accorded defense-rated orders, and include the series of regulations commonly referred to as the defense materials system. Of similar import are decisions to amend and modify these regulations from time to time as circumstances require.

(*b*) The issuance of delivery directives pursuant to existing regulations and orders.

(*c*) The establishment of set-asides pursuant to existing regulations or orders.

(*d*) The granting of exceptions and adjustments to individuals or firms affected by existing regulations or orders in a manner causing undue hardship not suffered by others in the industry.

(*e*) The adoption of appropriate standby orders and regulations for promulgation in the event of emergency.

(*f*) The recommendation of expansion goals to the Office of Defense Mobilization.

Question. In your letter of April 4 to Senator Fulbright you stated that there are shortages in many kinds of steel—particularly heavy structural steel. Your letter also indicates your belief that this demand will continue for several months but that you do not believe any legislative or governmental action should be taken at this time. The Attorney General's report on small business raises questions about the allocations of scarce materials by producers and recommends that an authoritative economic survey be made on the current method of distributing materials in short supply to the civilian economy and the effects upon the operations of small-business firms. Would you agree that such a survey would be desirable?

Answer. This is an economy of free, private enterprise. No eompany can exist unless it satisfies its customers. This is as applicable to steel producers as to any other manufacturers. While steel producers today can route their products to just a few large consumers and still operate at 100 pereent capacity, this just isn't the way business operates.

Business looks to the future and is fully cognizant of the economic fact that customers change and business ehanges, too. Any company would, as a matter of self-interest, be bound to a policy of spreading its produets as widely as possible to provide a cushion against economic shifts. So, while some small businesses may be suffering from lack of materials, so are big companies.

The distribution of products by private producers is to be preferred to distribution by Government with all its pitfalls, preferences, and exceptions. The Attorney General in the report cited recognized that "the present economie picture does not require the imposition of Government controls over the production and distribution of raw materials." He concluded that a power of allocation limited to assisting small businesses would be impracticable without involving complete allocation over particular materials.

It is our observation that the steel industry is extremely competitive. Its salesmen are constantly seeking to add new customers and to induce present customers to increase their orders. This does not necessarily mean that all customers are able to purchase from any one producer all the tonnage for shipment as fast as they would like to have it.

As to the share of steel output being delivered to small business, we do have the following information: The normal source of supply for small business is the availability of steel products in local steel distributors' warehouses. We do not have any area breakdown of such distributors, but can only refer to reports submitted by the American Iron and Steel Institute. These institute

reports cover approximately 97 percent of total steel production, and show a good continuing supply of overall steel shipments to such distributors. These reports are broken down into two categories: Shipments of steel products to distributors, including distributors serving the oil and gas industry and shipments to distributors excluding the oil and gas industry. The relative figures of such shipments for the years 1954, 1955, and January and February of 1956 are as follows:

All distributors, 1954: 11,999,470 tons, equal to 19 percent of the total shipments of all steel products.

Distributors serving industries other than oil and gas, 1954: 9,948,440 tons, or 15.75 percent of all shipments.

All distributors, 1955: 15,758,000 tons, equivalent to 18.6 percent of total shipments.

Distributors serving industries other than oil and gas, 1954: 13,561,514 tons, or 16 percent of total shipments.

In the months of January and February 1956, shipments to all distributors, including oil and gas, were at the annual rate of 16,916,922 tons, or at the projected rate of 18.73 percent of total shipments. Shipments to the steel distributors, excluding oil and gas industry, were at the annual rate of 14,444,526 tons, or a projected rate of 15.99 percent of total shipments.

We do not wish to appear as opposing the obtaining of more detailed information which might be helpful to an understanding of the effect on business of existing distributive techniques. Any such a survey should, however, take into account two important factors. First, it should be made crystal clear to those who are surveyed that under existing laws they may select and deal with their customers as they deem appropriate so long as they do not engage in concerted actions or discriminate in a manner declared illegal. No implication of guilt should be allowed to arise from the mere conduct of a survey. Second, any such survey should be conducted in a manner which assures that adequate attention is given to needs of the business community as a whole rather than devoting disproportionate attention to a part of that community.

Question. Along with such shortages have grown many increases in the price of commodities other than farm products and food. I have a table here made up from the BLS publications which I would like to insert in the record at this point. This shows that all commodities other than farm products and food have risen from an index of 113.2 for 1952 to 115.2 in January 1955 to 119.2 in December 1955 and to 121 as the preliminary figure for March 1956. Many individual items, particularly the basic materials have gone up much more sharply. Copper ingot, for instance, went up from 142.6 in January 1955 to 204.4 in December 1955 to 218.6 as the preliminary figure for March 1956. Do you expect these increases in the basic materials will soon be reflected in the cost-of-living index?

Answer. There are too many factors influencing the cost-of-living index to make any general statement of the possible effect of recent increases in basic materials being reflected in the composite index. For instance, copper which you cite has recently declined considerably. Productivity increases can offset price increases.

Question. I notice that the United States steel annual report for 1955 discusses institutionalized inflation at some length. It attributes this inflation to two causes: industrywide labor unions, which seek to outdo each other in elevating employment costs, and the Government full-employment policy. Is it your view that the Government's full-employment policy is undesirable?

Answer. It is our view that the Government's full-employment policy is desirable. Certainly employment for all of our people able, willing, and seeking to work is a desirable goal. The alternative, of a surplus labor pool which would depress labor costs, is unthinkable. With proper economic climate, private initiative will find the ways and means of increasing employment opportunities. We believe that government should contribute to assuring this proper economic climate. For example, as the President said in his latest economic report:

"Government can contribute to the strengthening of competitive enterprise through monetary, fiscal, and housekeeping policies that promote high and rising levels of economic activity."

Question. The price index for finished steel products has risen from 127.2 for 1952 to 144.6 in January 1955, 154.8 in December 1955, 157.1 as the preliminary figure for March 1956. The newspapers contain many articles and speeches indicating that the price of steel will have to be raised still further. I notice, however, that the steel companies are reporting extraordinarily fine profits for 1955 and the first quarter of 1956. United States Steel had an income, after taxes,

of $370 million for 1955, almost $100 million better than any previous year. And reports for the first quarter of 1956 indicate bigger profits than for the same quarter for 1955. With these profits, does this sound to you like a sound basis for requesting price increases?

Answer. We do not have sufficient information with respect to the steel industry to answer such a question even if we considered it appropriate or proper to express a view on the soundness of a request in the near future for price increases.

The situation from the viewpoint of those with intimate knowledge in this matter is far from clear. For example, the President of the largest steel producer is reported recently as stating that his organization does not contemplate any general advance on the price of steel mill products at this time. He further said: "What effect labor negotiations will have remains to be seen. All I can say at this time is that we will have to review our situation in the light of the circumstances as they then exist. In the meantime, we are continuing to review individual products in the light of all the conditions surrounding the products—in other words, competitive conditions and cost relationships. There may be 1 or 2 changes in the near future."

On the other hand, a high official of another large producer is reported as stating that there was a good improvement in earnings in the first quarter of 1956, as compared with the similar quarter in 1955, but that the earnings were not satisfactory in view of steel companies' need for higher earnings to help finance expansion. He forecast also that the demand next year will be higher than this year, and that the country may again encounter a steel shortage and that is something we can't afford. "Steel producers need the higher prices," he emphasized, "to help finance the cost of building new capacity, which is needed to avert further steel shortages." He said the time is approaching when the producers can add capacity to existing plants. Within 5 years, he went on, the industry will have to begin building new plants. His own company definitely will, he added, and it will cost "enormous amounts of money." "Putting up a 2-million-tons-a-year plant would cost a minimum of $650 million and as we can't borrow it all from the public, it means we have got to earn more money than we are doing now, and one way to do it is to get higher prices."

We have at all times urged manufacturers to watch their pricing policies—not to take advantage of scarcity to make exorbitant profits. But it is up to management to determine their policies, to not only earn a fair return on their investment, and to pay good wages; but to provide the capital out of earnings to replace and rebuild, and expand the facilities, much of which is outmoded and worn out.

Senator Frear. There is a question I would like to ask. It was brought out when Dr. Flemming was here on Monday, Mr. Secretary, when the chairman of the subcommittee asked Dr. Flemming about transportation orders T–1 and T–2. He was not too familiar with these orders, but suggested that you might be able to tell us something about them.

Secretary Weeks. Well, the T–1 and T–2 orders were originally issued in 1950. We are proceeding under those orders today as was the case when they were first inaugurated. They are issued under the authority contained in section 101, and they are aimed toward preventing materials or products from going to China, Macao, and so on—Communist Chinese countries or ports nearby—in American bottoms or on American aircraft from whatever source they may originate. We are proceeding under the orders as they were originally issued and going ahead and trying to do a job in that area.

In 1953, when the House of Representatives amended the Defense Production Act by accepting the proposed wording of section 101 (b), as it now reads, the Committee on Banking and Currency stated with respect to these two orders:

> Under the authority in title I of the act the Secretary of Commerce in 1950 issued orders prohibiting the transportation in ships or aircraft of commodities to Soviet bloc countries, Hong Kong, Macao, or to Communist China. These orders

are identified as T–1 and T–2. Your committee does not intend by the language of subsection 101 (b) to indicate disapproval or limitation in any manner of the authority such as that exercised by the Department of Commerce in allocating facilities under the act so as to prohibit carriage by ships documented under United States laws or aircraft registered under United States laws to Soviet bloc countries, Hong Kong, or Macao, or movement by such ships or aircraft to Communist China. On the contrary, the committee considers such action beneficial and its continuance necessary. (P. 5, Defense Production Act amendments of 1953, report from the Committee on Banking and Currency, H. Rept. 516, 83d Cong., 1st sess.)

Senator FREAR. Your department is thoroughly familiar with the objects of the orders?

Secretary WEEKS. Yes, sir. We are administering the orders today.

Senator FREAR. May I emphasize, Mr. Secretary, that I sincerely hope that, as far as you feel free to do so, you will amplify your answers to the questions that have been submitted. It does lend a great advantage to the floor manager of this bill should he be questioned on the floor. Knowing the past history and past record of some of the sections involved in this extension, you can appreciate the fact that we would like to be well equipped.

Secretary WEEKS. Mr. Chairman, do you want me to just glance down the list of questions and answer those I want to answer now or suggest that I supply the answers?

Senator FREAR. The chairman of the subcommittee would certainly like to extend to you the opportunity and privilege of answering as you would desire, either now or later.

Secretary WEEKS. I will just run down them.

Senator FREAR. While you are doing that, Senator Bennett can be brought up to date on what has happened thus far this morning.

Secretary WEEKS. Mr. Chairman?

Senator FREAR. Mr. Secretary.

Secretary WEEKS. Obviously, I can give you some information on these questions, but equally obviously I can do a better job if I may take advantage of your suggestion and supply the information. We can do it very promptly.

Senator FREAR. You certainly may, and we would not consider it taking any advantage of the committee, only the advantage and opportunity offered, sir. We do want to be in a position—I am a bit reluctant to emphasize this time after time, but there are Members of the Senate who are much more familiar with the processes of legislation around here than is the junior Senator from Delaware. There was never a time when he has found too much information available to fortify himself in protecting the interests of the bill that he has before them, and he would like to be well fortified, sir.

Secretary WEEKS. I am sure of that, sir.

Senator FREAR. Although Senator Bennett is not a member of the subcommittee, Mr. Secretary, I hope you will offer no objection to a statement that the chairman of the subcommittee would like to make at this time in expressing that the Senator from Utah be given the privilege of supplying for the record his thoughts and views, not only regarding his own amendment but the amendment offered in bill form by the Senator from Connecticut.

Senator BENNETT. I will try to get that in, Mr. Chairman, as soon after the first of the week as possible, so as not to delay the committee. I appreciate the opportunity, Mr. Chairman and Senator Bush.

Senator FREAR. If there is nothing else, Mr. Secretary and members of your staff, may we express our appreciation for the time that you have given to this, we feel, very important piece of legislation, and we hope that the subcommittee and the full committee and the Congress will act in accordance with the best interests of the Department and the country as a whole. We are grateful to you for your time and effort in being here this morning and giving us the advantage of your knowledge and background on the subject.

Secretary WEEKS. Thank you very much, Mr. Chairman. We will come back if you want us.

Senator FREAR. I have an additional statement from Senator Bennett for the record.

(The statement referred to follows:)

ADDITIONAL STATEMENT BY WALLACE F. BENNETT, A UNITED STATES SENATOR FROM THE STATE OF UTAH

Mr. Chairman, following the statement I made before your subcommittee proposing the adoption of an amendment to S. 3407, Dr. Arthur Flemming, Director of the Office of Defense Mobilization, the Senator from Connecticut, Mr. Bush, and I engaged in discussion concerning my amendment. In the course of this discussion Mr. Flemming indicated his support of the amendment and Senator Bush his opposition.

The amendment has been interpreted by Senator Bush as a "dagger pointed at the heart of New England" and as substituting a "meat-ax approach" for present procedures in connection with industrial dispersal. The amendment has also been interpreted as establishing geographical dispersal as the "controlling factor" in industrial plant location.

The purpose of the amendment is to have Congress make a declaration of policy with regard to industrial dispersal. I stated that I felt it would be well for Congress to support affirmatively a program which the Executive now administers. I stated further that I felt Congress' past failure to speak out on this important matter has reduced the effectiveness of our industrial dispersal program. Dr. Flemming agreed that "if we are going to make substantial and intelligent progress in dealing with this very important problem, that it is necessary for the executive branch and the legislative branch to work as partners in connection with it."

The amendment does not apply the principle of industrial dispersal to existing industries. It does state that in the construction of future facilities or in the expansion or improvement of industrial facilities in which the Government renders financial assistance and in the procurement of goods and services the executive branch shall under the coordination of the Office of Defense Mobilization apply the principle of geographical dispersal to the greatest practical extent consistent with existing law.

This does not mean geographical dispersal is the only factor to be considered; but it does mean that Congress insists it be considered. ODM, as Dr. Flemming clearly indicated, would continue to handle decisions of this type on a case-by-case basis. Due consideration would continue to be given to all other factors.

Senator Bush said in the hearings, "I have a great deal of confidence in the discretion of the Office of Defense Mobilization and the armed services in connection with this matter, and I think they have acknowledged very wisely indeed the situation." ODM and the armed services, as well as the other executive agencies, would continue to make the actual decisions. My amendment does not change that procedure at all. But in asserting its interest in industrial dispersal formally, Congress would reinforce the executive in its efforts to achieve a balanced industrial dispersal program. A declaration of policy by Congress would also indicate to the American public that it was solidly behind industrial dispersal.

Should some agency in the executive branch fail to give consideration to geographical dispersal as a factor in locating a new facility, Congress could, under my amendment, ask for an accounting. This does not mean, however, dispersal would be controlling. If the agency could show there were overriding reasons for not dispersing in a particular case, Congress, I am sure, would not quarrel with the decision.

I have as much confidence in my colleages in Congress as I do in the officials of the executive branch, and I believe they would both put national interests before sectional interests. I am sure Congress has no desire to "second guess" officials in the executive agencies. I do not believe Federal money should be used to build new industrial facilities in industrial areas already too concentrated unless there are overriding considerations, such as when dispersal would result in undue delay in procurement of a critical item.

I have consistently maintained that we cannot think in terms of moving existing industry to effect dispersal. To do that would be unwise and economically foolish. I do believe, however, we should apply the principle of geographical dispersal to future construction in which the Government renders assistance. This, it seems to me, is a minimum effort in view of our present vulnerability and the dawn of the intercontinental ballistic missile with a hydrogen warhead. I believe the majority of the Congress will share my opinion that this is a realistic but effective approach to dispersal.

I am not impressed with the argument that merely because the Executive has a program of industrial dispersal that Congress should be silent or concur only tacitly. Much of Congress' time is spent considering tax legislation, appropriations for construction, and appropriations for military procurement programs. To continue to do this without asserting our policy with regard to industrial dispersal, which is directly related to each of these legislature activities, seems unrealistic. I, for one, would like to feel that as vast sums of Federal money are expended for these purposes I have mentioned, and that as we accord tax advantages to industries, we are in return getting results which justify the costs and efforts, results which may ultimately spell survival for millions of Americans in the event of an atomic attack. I can see no reason for Congress to remain silent with so much at stake.

Senator FREAR. Without objection, the departmental reports, these, letters, and other documents will be placed in the record.

(Departmental reports received follow:)

THE SECRETARY OF COMMERCE,
Washington, D. C., April 20, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This letter is in reply to your requests of April 25, 1956, with respect to S. 2879, and an amendment to S. 3407 (the Defense Production Act extension) intended to be proposed by Senator Bennett. Both proposals express the policy of the Congress that Government construction, procurement, and financial assistance should be so used as to secure dispersal of our industrial potential.

S. 2879 is concerned only with activities of the Department of Defense and does not refer to existing law while the proposed amendment to S. 3407 relates to all agencies of the executive branch and would amend section 2 of the Defense Production Act. Since "procurement" effective for the purposes of these bills is not a function performed under the Defense Production Act, reference thereto in S. 3407 would appear to be inappropriate.

Although this Department is of the opinion that it would be unnecessary to provide guidance on the subject of dispersal and carrying out the Defense Production Act in view of present practices of the executive branch, a congressional statement of the importance of dispersal would be helpful in securing public cooperation.

It should be noted that the January 1956, Defense Mobilization order (first promulgated in 1951) provides:

"It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage, and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities."

Under both the 1951 policy statement and 1956 Defense Mobilization Order I–19, the Federal Government has made dispersion of new defense supporting plants a major consideration in granting such defense production assistance as rapid tax amortization and defense loans.

Under Defense Mobilization Order I–19, "The Department of Commerce (Office of Area Development) is responsible for providing guidance and assistance to departments and agencies of the Federal Government, to industry, public and private persons and organizations including local dispersion committees, in the application of the policy and criteria contained herein." Under this policy every effort is made to insure that the greatest possible dispersal consonant with production requirements is achieved.

Your committee has also referred to this Department S. 2857 which would amend the Defense Production Act and the act of September 30, 1950, to authorize Federal assistance in the event of major disasters (64 Stat. 1109), with respect to procurement in major disaster areas. Again the Department would interpose no objection to the adoption by the Congress of an expression of the sense of the Congress that major disaster areas would receive assistance through Federal procurement contracts, although again we believe such an expression would merely constitute congressional endorsement of a firm policy of this administration. Section 2 of S. 2857 which would amend the act of September 30, 1950, appears to be adequate and appropriate for this purpose. As noted above, amendment to the Defense Production Act with respect to procurement as provided elsewhere in the bill appears inappropriate since Federal procurement generally is not affected under this act.

We wish to make clear our belief that disaster relief and industrial dispersal must never be made completely governing criteria of action taken by the Federal Government particularly when national defense is involved. Although both are extremely important, the exigencies of national defense may require subordination of these criteria to more critical demands. For this reason the Department would strongly recommend against enactment of any of these proposals if it might be construed to establish a condition precedent to action under the Defense Production Act by the executive branch. For example, such a limitation on action which may be necessary under title I of the Defense Production Act—Priorities and Allocations—would render these important emergency powers of questionable value.

The Department would interpose no objection to the enactment of congressional statement of policy consistent with the views expressed above.

Sincerely yours,

SINCLAIR WEEKS,
Secretary of Commerce.

SMALL BUSINESS ADMINISTRATION,
OFICE OF THE ADMINISTRATOR,
Washington, D. C., April 27, 1956.

Re S. 2879, to promote the dispersal of industrial facilities in the interest of national defense.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR SENATOR FULBRIGHT: This is in further reference to your letter of January 12, 1956, requesting our views and comments on the above-named bill.

The Small Business Administration is fully in accord with the objectives of the proposed bill, S. 2879. We recognize that the dispersal of industrial facilities is most important to national defense. In this connection it is relevant to note that to the extent it is possible to strengthen the economic position of small businesses generally, a natural dispersal of industry is achieved because of the ubiquitous nature of small business.

Section 2 of the proposed bill provides that in connection with Government financial assistance and the procurement of goods and services the Department of Defense and its subdepartments shall apply the principle of geographical dispersal of industrial facilities. Consideration should be given, we suggest, to rewording this section so that the proposed legislation applies to all Government procurement agencies and all Government agencies rendering financial assistance.

The Bureau of the Budget has no objection to the submission of this report. As requested, five copies of our reply are enclosed.

Sincerely yours,

WENDELL B. BARNES, *Administrator.*

TREASURY DEPARTMENT,
Washington, D. C., January 24, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 2879, to promote the dispersal of industrial facilities in the interest of national defense.

The bill would declare it to be the policy of the Congress to promote the geographical dispersal of industrial facilities of the United States in the interest of national defense. It would further require the Department of Defense to apply the dispersal principle in the construction of Government-owned industrial facilities, in the rendition of financial assistance for construction of industrial facilities, and in the procurement of goods and services.

The proposed legislation would not appear to be of primary interest to this Department and it has no comments to make on the general merits of the bill.

Very truly yours,

FRED C. SCRIBNER, Jr.,
General Counsel.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., May 1, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

MY DEAR MR. CHAIRMAN: This is in reply to Mr. Yingling's letter of January 11, 1956, requesting the views of this office with respect to S. 2857, a bill to provide for Federal procurement of materials and supplies in major disaster areas, and for other purposes.

The Bureau of the Budget favors the objectives of the bill. However, we would like to call to your attention the technical amendments suggested by the Office Defense Mobilization, the Departments of Defense and Commerce, General Services Administration, and Federal Civil Defense Administration.

Sincerely yours,

PERCY RAPPAPORT, *Assistant Director.*

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, D. C., April 30, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your request to the Secretary of Defense for the views of the Department of Defense with respect to S. 2857, 84th Congress, a bill to provide for Federal procurement of materials and supplies in major disaster areas, and for other purposes. The Secretary of Defense has delegated to this Department the responsibility for expressing the views of the Department of Defense.

The purpose of the bill is to provide for Federal procurement of materials and supplies in major disaster areas in order that such areas may be rehabilitated and restored to normal conditions as expeditiously as possible, so as to maintain a broad potential base for economic mobilization. This purpose would be accomplished by the President's authorizing an arrangement for immediate awards, to the maximum practicable extent, of negotiated contracts for the procurement of materials or services needed by the Federal Government, to victims in the major disaster area capable of fulfilling such contracts in a satisfactory manner.

The Department of Defense interposes no objection to the purpose of the proposed legislation but desires to point out that substantial clarification of the language therein is essential to proper understanding and practicable administration of the law.

Section 3 of the Act To Authorize Federal Assistance to State and Local Governments in Major Disasters (64 Stat. 1109), which would be amended by sec-

tion 2 (a) of the proposed legislation, states that "* * * Federal agencies are hereby authorized *when directed by the President* to provide assistance * * *." Thus, the phrase, "in the opinion of the President" appearing in line 2, page 4, is redundant and its use introduces an ambiguity which could be dispelled by its omission. (Italics supplied.)

The words "and directed" in the proposed new section 714 of the Defense Production Act provide for a mandate, which provision is inconsistent with the language contained in section 3 of the act cited in the preceding paragraph hereof. The proposed new section 714 would also authorize negotiated contracts "to the maximum practicable extent." This language would apparently authorize a 100-percent setaside on proper determination by the contracting officer. The bill should indicate whether this procedure is contemplated and that the contracting officer's determination is final, even though not supported by a finding of the best price obtainable elsewhere based on a test of the market through formal advertising. Also, the language in that section, "notwithstanding any provision of law to the contrary," provides extraordinary authority. The Department of Defense interprets this language as permitting the right to negotiate as well as the granting of a price differential to disaster area victims, although the appropriation acts of recent years have contained provisions prohibiting differentials for the purpose of relieving "economic dislocations." If only the former interpretation is intended to apply, namely, the right to negotiate, then we believe the language should be clarified.

The proposed new section 714 also sets forth several criteria which would appear to be difficult of application without more specific direction or guidelines to make the necessary determinations practicable. It provides that awards are to be made *to victims of such major disaster*, when such victims are *capable of fulfilling such contracts in a satisfactory manner*. The term "victims of such major disaster" is not defined, and as a result a number of ambiguities are created which should be resolved. For example: Is any potential contractor eligible for an award as a "victim of such major disaster" if it has a place of business in the disaster area, or must damage be suffered by such potential contractor in order to qualify for an award? If damage must be suffered in order to qualify as a victim, what is the objective test of the extent of damage to merit the classification of "victim of such major disaster"? Another ambiguity is created by use of the term "capable of fulfilling such contracts in a satisfactory manner." For example: Is a victim capable of fulfilling such a contract if part of his capabilities lie outside the disaster area? To be capable of fulfilling the contract satisfactorily, must the contract be performed entirely in the disaster area, or if not, is there a limit to the amount of performance which may be accomplished outside the disaster area? (Italic supplied.)

The proposed legislation seeks to amend two separate acts in order to provide for relief in disaster areas. The conditions for relief in disaster areas. The conditions for relief under the proposed amendment to the Defense Act of 1950, as amended, are considerably more restrictive than the conditions prescribed for relief under the proposed amendment to Public Law 875, 81st Congress (64 Stat. 1109, as amended). This difference in conditions for relief may raise numerous questions relating to priorities and discrimination between "victims of such major disaster capable of fulfilling such contracts in a satisfactory manner" and a "private enterprise engaged in business in the area affected by such major disaster" which is not a victim. If there is a basis for the distinction between section 1 (b) and section 2 (a) of S. 2857, such basis should be stated for clarification of legislative intent. If there is no basis for the distinction, similar language should be employed to describe entitites eligible for award of contracts under both acts, or, in the alternative, consideration should be given to the advisability of eliminating the proposed amendment in section 1 (b) of the proposed legislation which adds a new section 714 to the Defense Production Act of 1950, as amended. Elimination of the proposed section 1 (b) instead of section 2 (a) is suggested in view of the fact that, generally speaking, the Defense Production Act of 1950, as amended, has historically been temporary legislation, whereas Public Law 875, 81st Congress, (64 Stat. 1109, as amended), is permanent legislation.

The proposed legislation will probably have a budgetary effect since the award of contracts under its provisions could result in the payment of prices in excess of those which would otherwise be necessary.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

DONALD A. QUARLES.

GENERAL SERVICES ADMINISTRATION,
Washington 25, D. C., April 30, 1956.

Re bill S. 2857.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: Your letter of January 11, 1956, invited the opinion of the General Services Administration as to the merits of S. 2857, to provide for Federal procurement of materials and supplies in major disaster areas, and for other purposes.

While GSA, for reasons indicated hereafter in this letter, makes no recommendation either for or against enactment of S. 2857, nevertheless we will make note of certain points which we trust will be of aid to your committee in its consideration of this legislative proposal.

The bill would amend, by section 1, the Defense Production Act of 1950, as amended, and by section 2, the act to authorize Federal assistance to States and local governments in major disasters, and for other purposes, approved September 30, 1950, as amended. We will discuss these two amendments separately.

The proposed amendment to the Defense Production Act of 1950 states as its purpose the maintenance of a broad potential base for economic mobilization, and provides that, upon the occurrence of a major disaster as defined in the aforementioned act of September 30, 1950, in any area which is an important source of goods or services needed in the event of economical mobilization, immediate awards shall be made, to the maximum practicable extent, of negotiated procurement contracts to victims of the disaster capable of fulfilling such contracts in a satisfactory manner.

It is difficult to see what addition of substance the proposed amendment would make to the provisions of presently effective Supplement 1, Defense Mobilization Order VII–7 (20 F. R. 6259), as amended, in operations under which contracts are negotiated—other than, of course, the furnishing of an express statutory basis for the procedures in effect under such supplement. Furthermore, the supplement is explicit on a point on which the proposed statutory amendment is not clear, namely, that procurement agencies shall use their best efforts, not only to award procurement contracts to contractors located in disaster areas, but also "to encourage prime contractors to award subcontracts to firms in those areas."

The duration of the procurement provision embodied in the proposed amendment to the Defense Production Act of 1950 is not clear. Such amendment is in the form of a new section 714, which would be part of title VII, of the Defense Production Act of 1950. Section 717 (a) of that act now has in it the following:

"Title I (except sec. 104), title III, and title VII (except sec. 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, 1956. Section 714 of this Act, and all authority conferred thereunder, shall terminate at the close of July 31, 1953."

The reference to section 714 is to the former section 714 of the act, relating to the Small Defense Plants Administration, which is no longer in effect. Your committee, should it see fit to report favorably upon S. 2857, will doubtless recommend amendment so as to clarify the duration of the new section 714.

The amendment which section 2 of S. 2857 would make to the act of September 30, 1950, would add to section 3 of that act an authorization to Federal agencies, in a major disaster, when directed by the President, to provide assistance by procuring materials or services, by negotiated contract or otherwise, from private enterprise engaged in business in the area affected by such major disaster. In addition, section 2 of the bill would increase from $5 million to $15 million the authorization for appropriations to the President to carry out the purposes of the act of September 30, 1950.

Looking at the bill solely from the point of view of a procurement agency, GSA must point out that channeling of Government purchasing to disaster areas tends to add to the costs of normal procurement based fundamentally on competitive bid procedures. This point, however, does not necessarily constitute an objection to the bill.

The function of GSA in the procurement field is to provide for the Government an economical and efficient system for the procurement and supply of personal property and nonpersonal services. In the discharge of that responsibility we are not primarily concerned with the social and economic factors which would indicate the manner in which and the extent to which the Federal Government should afford assistance in major disasters. Other agencies, such, for instance, as the Office of Defense Mobilization, are in a better position than we are to make an evaluation in this respect.

It is for such reasons that we do not feel called upon to take a definite position either for or against enactment of S. 2857.

The Bureau of the Budget has advised that there is no objection to the submission of this report to your committee.

Sincerely yours,

FRANKLIN G. FLOETE, *Administrator.*

Letters and telegrams received follow:)

HOUSE OF REPRESENTATIVES, UNITED STATES,
COMMITTEE ON THE JUDICIARY,
Washington, D. C., April 26, 1956.

Hon. J. ALLEN FREAR, Jr.,
Chairman, Production and Stabilization Subcommittee,
Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: Your committee is presently holding hearings on S. 3407 which would extend the provisions of the Defense Production Act of 1950 for another 2 years. I would like to offer for the consideration of your committee two amendments to the Defense Production Act which would I believe remedy certain deficiencies in this legislation.

As you know, the Antitrust Subcommittee of the House Committee on the Judiciary has been engaged in an extensive investigation of WOC's and advisory groups utilized by the Government. In this investigation our subcommittee has compiled evidence demonstrating significant abuses in the WOC program authorized by the Defense Production Act.

Our investigation indicates that WOC's appointed pursuant to the Defense Production Act, particularly in the Department of Commerce, have been appointed to and are occupying policymaking positions. This has been continued despite the fact that in the 1955 amendments to the Defense Production Act Congress intended that WOC's should not be in a position to make policy decisions. One of the changes in the Defense Production Act which I submit for your consideration would amend section 710 (b) (3) to prohibit such appointments.

The other amendment I want to call to your attention for the consideration of your committee involves, in my view, an unnecessary exemption from the conflict of interest statutes granted in the Defense Production Act. I do not believe there is a real necessity for providing WOC's with any exemption from the conflict of interest statutes. Inasmuch as the conflict of interest statutes are lacking in clarity, however, I recognize it may be appropriate to grant a limited exemption in order to provide for the continuation of normal salaries as an assurance to businessmen who have been requested to assist the Government.

By failing to restrict adequately the exemption from the conflict of interest statutes as to activities which otherwise would be unlawful, the 1955 amendments to the Defense Production Act, and prior thereto the provisions of Executive Order 10182, as amended, have given WOC's the unusual freedom to work for their companies on their companies' Government business. Our investigation has demonstrated that this has provided an open door for abuse. The amendment I offer for your consideration would close this loophole.

Submitted herewith is a statement containing the specific amendments to the Defense Production Act which I offer together with reasons I believe such amendments are necessary. I would appreciate your incorporating this statement in your record on S. 3407.

Sincerely yours,

EMANUEL CELLER, *Chairman.*

STATEMENT OF REPRESENTATIVE EMANUEL CELLER, CHAIRMAN OF THE COMMITTEE ON THE JUDICIARY, HOUSE OF REPRESENTATIVES

Mr. Chairman and members of the subcommittee, I appreciate your courtesy and cooperation in permitting me to discuss S. 3407, which would extend for another 2 years the provisions of the Defense Production Act. My remarks are directed to the standards established in section 710 of the act, relating to personnel employed by the Government without compensation, popularly called WOC's.

The Antitrust Subcommittee of the House Judiciary Committee, prior to the 1955 amendments to the Defense Production Act, under my chairmanship, had instituted an investigation of WOC's and advisory groups utilized by the Government. The subcommittee has conducted extensive hearings into these matters and has compiled evidence demonstrating significant abuses in the WOC program by administrative officials and numerous example of untoward conduct on the part of individual WOC's.

I would like to suggest for consideration of this committee amendments to the Defense Production Act which would go far to prevent some of the abuses which have been brought to our attention.

First, I want to make it clear that I recognize that Government agencies should be permitted to obtain the services of the best talents available to cope with the problems of the executive branch. This includes the services of WOC's at times other than during periods of full mobilization.

I do not believe, however, that WOC's should be appointed to policymaking positions in the Government in a partial mobilization program of indefinite duration of the type this country is now undertaking. In an active emergency necessity for prompt, effective action may override all other considerations and require appointment of WOC's to such positions. Such justification, however, is not present in the current defense program.

In the 1955 amendments to the Defense Production Act, Congress continued the authority granted to the President to appoint WOC's to operating and policymaking positions. This authority is contained in section 710 (b) (2) (ii) as follows:

"Appointments to positions other than advisory or consultative may be made under this authority only when the requirements of the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time, salaried basis."

Although a WOC may be appointed under this authority to a policymaking position, when a policy matter is involved the WOC cannot perform the responsibilities of his office because section 710 (b) (3) requires:

"Appointees under this subsection (b) shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions."

It is clear that in the 1955 amendments Congress intended WOC's should not be in a position to make policy decisions. The provisions of the statute quoted above, however, are contradictory. Inasmuch as the President, in Executive Order 10647, did not resolve this ambiguity, I believe it is incumbent upon Congress to clarify this matter.

During the Antitrust Subcommittee's investigation, Philip Young, Chairman of the Civil Service Commission, assured our committee that any ambiguity in these provisions would be resolved by an Executive order which would limit a WOC's appointment to "a full-time operating job, without policy functions." Unfortunately, administration officials could not agree on a method to cope with this matter when they promulgated Executive Order 10647. Assistant Attorney General Stanley Barnes testified that officials in the executive branch had worked hard to resolve the contradiction in the statute but had been unable to do so. He said:

"We have spent hours on this. We went to the Civil Service Commission and asked them to tell us what is a policy decision—what officials make policy decisions. They said that anybody under schedule C is in a policy-determination position and that only those in schedule C are in a policy-determining position.

"That doesn't make sense to me. I don't think that you can draw and compartmentalize a problem like that. And that is why we haven't tried to precisely resolve this very difficult problem."

Our investigation demonstrates that WOC's appointed pursuant to the Defense Production Act, particularly in the Department of Commerce, have been appointed to and are occupying policymaking positions. In the Business and Defense Services Administration WOC's have been appointed as assistant admin-

istrators and as directors of BDSA's industry divisions. No method has been devised, nor is apparent, by which policy matters arising in the exercise of the responsibilities required by these positions can be segregated from the nonpolicy responsibilities of such positions. Nevertheless, section 710 (b) in its present form requires such segregation.

In my view the only way to resolve this problem is to amend section 710 (b) in a manner either to restrict WOC appointments to advisory functions only, or to operating positions without policy functions. This can be achieved, I believe, by striking out section 710 (b) (3) and inserting in lieu thereof the following:

"Appointments under this subsection (b) shall not be made to the position of director or assistant director, head or assistant head, of a bureau, division, section, or other comparable policymaking or administrative positions; any person appointed under this subsection shall not perform the functions of such a director, assistant director, head or assistant head."

This amendment assures that WOC's are not appointed to policymaking positions. To the greatest extent possible, it would also assure that WOC's are confined to advisory and consultative roles while working for the Government. This amendment, moreover, would eliminate a situation which has placed WOC's in situations involving conflicts of interest, abuse of Government position, and favoritism.

When a WOC is appointed to head a division of the Government, exercising control over, or dealing with, the industry from which he comes, his private interests necessarily conflict with the Government responsibilities he has been assigned. In fact, in the Department of Commerce, company interest in the activities of an industry division is one of the reasons officials of the Business and Defense Services Administration recommend that business furnish WOC's to the Government. For example, Mr. Honeywell, Administrator of BDSA, customarily advises advisory groups sponsored by BDSA that "WOC's do much to see that industry's point of view is properly understood and advanced" and that "by furnishing capable men to serve as WOC's * * * industry is assured of having an adequate voice in drafting control measures that may have to be invoked in case of emergency."

The normal defense activities of the WOC director of a BDSA industry division involve supervision of his division's activities in authorized control material orders, priorities and directives. His defense duties in addition involve the preparation of standby orders for mobilization, supervision over the division preparing recommendations on tax amortization and loan applications, and determination of expansion goals necessary to meet mobilization requirements. His Government responsibilities also include the development of specific measures to be used in postattack programs, including plans for dispersion, transfer of production to undamaged facilities, and the development of duplicate sources of supply. All of these responsibilities require the WOC division director to take action directly affecting his company and its competitors.

When this country was engaged in the all-out effort in World War II, the War Production Board categorically resolved the question of the propriety of having as head of an industry division a WOC coming from the affected industry. The War Production Board, at the direction of its General Counsel, John Lord O'Brian, instituted the "branch and section chief policy" which prohibited the WOC, except in special circumstances, from occupying a position in which he would have to make decisions directly affecting his own company or its competitors.

The gravity of the problem presented when a WOC heads an industry division of the Government which deals with his industry was reflected during our hearings by Assistant Attorney General Stanley Barnes. Mr. Barnes said: "Any time a man from a particular industry is the head of an organization that makes decisions which affect that industry, where he is making decisions that might affect that business, I think that presents grave problems as to whether or not it is in the public interest."

Our investigation into the administration of the tax amortization program affords cogent arguments in the support of the "branch section chief policy" utilized in World War II. The system whereby WOC's have headed industrial divisions which made recommendations for millions of dollars in tax amortization benefits, involving their own companies and their companies' competitors deserves harsh criticism.

At all times conflicts of interest between the private occupation of the WOC and his Government responsibilities were present in the consideration of certificates of necessity for new facilities in the industry which paid the WOC. This

conflict of interest arose in several ways: (1) in formulating long-range administration goals on an industrywide basis, the WOC's recommendations appeared to have been influenced by fears of competitive repercussions of overexpansion; (2) WOC's with respect to applications of competitors have been in a position to advise adversely against projects which, from a competitor's standpoint, seem inadvisable but from the impartial viewpoint of the public interest, would seem to be highly desirable; and (3) WOC's as heads of industry divisions were in a direct position to influence, and did influence, the tax amortization certificates of their own companies. In addition, even though a WOC is disqualified from passing directly on applications from his own company, when this task is left to his subordinates, the subordinates' decisions undoubtedly are influenced to some extent by virtue of the fact that the applications involved have been submitted by the company of their immediate superior.

Our investigation has demonstrated that direction of the expansion programs by WOC's, undertaken in connection with the Defense Production Act, have resulted in mismanagement, discrimination, and serious errors in judgment. In certain industries, for example, in complete disregard for the regulations applicable to the granting of certificates of necessity and of the goals established, extensive overcertification occurred in favor of large companies who supplied WOC's to the Government. In other industries, concern for postemergency overexpansion and competition caused expansion goals to be limited and new production discouraged.

Whatever may be the justification for using WOC's to head industry divisions during full mobilization, such justification is not present in the current limited defense program. There is much greater danger in a limited mobilization program that the pressures of private interests may outweigh public responsibilities. Moreover, our investigation has demonstrated that WOC's as heads of these industry divisions have been carrying out peacetime functions of their agencies and have undertaken activities not authorized by the Defense Production Act.

CONFLICT OF INTEREST STATUTES

The Defense Production Act granted exemptions from the conflict of interest statutes to WOC's brought in to assist the Government. In neither World Wars I nor II, when WOC's also were used extensively in the Government, was any exemption given from the conflict of interest statutes.

I do not believe there is a real necessity for providing WOC's with any exemption from the conflict of interest statutes. These statutes, however, are lacking in clarity, and, therefore, I recognize it may be appropriate to grant a limited exemption in order to provide for the continuation of normal salaries as an assurance to businessmen who have been requested to assist the Government.

As far as the official duties a WOC performs for the Government are concerned, exceptions to the exemptions from the conflict of interest statutes have for the most part negated this exemption. By failing to restrict the exemption from the conflict of interest statutes as to activities which otherwise would be unlawful under title 18, United States Code, section 281, however, the 1955 amendments to the Defense Production Act, and prior thereto the provisions of Executive Order 10182, as amended, have given WOC's the unusual and unnecessary freedom to work for their companies on their companies' Government business. This has provided an open door for abuse.

Essentially, section 281 of title 18, United States Code, forbids any Government official from receiving directly or indirectly any compensation for any services in relation to any matter in which the United States is interested. This is a standard imposed by the conflict of interest statutes on regular full-time employees of the Government. I see no necessity for treating WOC's who occupy full-time positions in the Government in a different manner.

Our investigation has disclosed that in BDSA, WOC's not only have been placed in positions of conflict and directed to advance industry's viewpoint, but arrangements have been made to permit the WOC's to continue their regular duties for their private employers. In some instances WOC's, while working for the Government, have discharged in full their normal private responsibilities and have devoted to their Government duties only the time otherwise available.

We have found that in both NPA and BDSA, WOC's have not devoted full time to their Government jobs although they have been appointed to full-time Government positions. On the contrary, WOC's have worked extensively for their private employers on matters involving the employers' business with various branches of the Government.

Duties WOC's continue for their companies during their Government service have included company affairs in their own and other Government agencies. In one instance while serving as a Government official, the WOC assisted his company in promoting its products in Government purchasing agencies. This WOC also worked with other Government agencies and their advisory groups in the development of Government specifications for products sold by his company, and transmitted to his company for comment unpublished specifications which were being developed.

In another instance the company required the WOC it was supplying to the Government to arrange visits of Government officials to company plants, to advise Government agencies of the company's position with respect to sales to the Government; to obtain information from various Government agencies as to the status of company contracts with the Government; to represent his company in problems arising under existing Government contracts; and to obtain from other Government agencies specifications and documents relating to contracts and invitations to bid in which his company was interested. While this type of company service normally does not involve a direct conflict with the WOC's official Government duties, these situations afford an opportunity for "inside contacts" and favoritism as well as encouraging situations which involve potential conflicts.

Under the present law, WOC's appointed pursuant to the authority of the Defense Production Act while working for the Government may perform all services for their employers which are made unlawful by title 18, United States Code, section 281, except those services prohibited by section 710 (b) (4) of the act. In subsection (i), section 710 (b) (4) forbids a WOC to negotiate or execute Government contracts with his employer. Subsection (ii) prohibits a WOC from taking any action with respect to his employer's individual applications to the Government for relief or assistance; and subsection (iii) forbids a WOC from participating in the prosecution of any claims against the Government involving any matter in which he had any responsibility as a WOC.

Thus, a WOC throughout the Government can work on his employer's Government contracts as long as he does not negotiate or execute such contracts and while so doing has immunity from the prohibitions of section 281. Moreover, a WOC is permitted to serve his employer in any Government agency on any matter which is not his employer's individual application for relief or assistance. Finally, the WOC may participate in claims his employer has against the Government if he has not had any official responsibility as a WOC in the subject matter of the claim.

Exemption from the conflict of interest statutes in this situation opens the door for inside influence and favoritism. Moreover, such exemptions are not needed to permit a WOC to undertake his duties under the Defense Production Act. Throughout the mobilization program under the Defense Production Act, WOC's, in fact, have not had an exemption from the conflict of interest statutes for their official duties and responsibilities as officers of the Government. It appears that WOC's have received exemption only in relation to services performed for their private employers apart from their official duties as Government officials.

It is my view that exemptions from the conflict of interest statutes should be extremely limited. The special freedom WOC's now have, to range throughout the Government on their companies' business with the Government, would be sharply curtailed by removal of exemptions from the conflict of interest statutes. WOC's then would be subject to the same standards of behavoir and conduct, while occupying full-time positions with the Government, as any other person who has professional allegiance to the Government as his employer.

The current procedure whereby exemption from the conflict of interest statutes is given generally and then is restricted by specific exceptions, is fallible. I believe a better procedure would be to grant exemptions directly for those limited activities necessary to secure the performance of official Government duties. If your subcommittee concludes that some exemption from the conflict of interest statutes is needed as an assurance to businessmen in order to obtain their services for the Government, I recommend that such exemption be granted in the following manner:

Strike all of section 710 (b) (4) from the act and insert in lieu thereof the following:

"(4) Receipt of normal salary by any appointee under this subsection (b), in connection with such appointee's Government service hereunder, from the private employer of the appointee at the time of his appointment, shall not be a violation of the provisions of any law."

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington 6, D. C., April 25, 1956.

Hon. J. ALLEN FREAR, Jr.,
Chairman, Subcommittee on Production and Stabilization, Senate Banking and Currency Committee, Washington 25, D. C.

DEAR SENATOR FREAR: The Chamber of Commerce of the United States recommends extension of the Defense Production Act, to June 30, 1958, as proposed in section 2 of H. R. 9852 and S. 3407 on which your committee is holding hearings. We oppose, however, the House amendment set forth in section 3 of H. R. 9852, which would place restrictions on persons from industry who would agree to participate in the executive reserve program.

Extension of this law is essential to maintain a strong and flexible defense program to meet the production needs of current military and atomic energy programs. It also is essential to provide the statutory basis for most of the industrial mobilization planning activities under supervision of the Office of Defense Mobilization.

Among the important programs which are dependent upon this law are the following:

1. Priorities and allocations authority which is essential to meet the requirements of defense and atomic energy procurment programs and to provide the machinery for rapid expansion in the event of full mobilization.

2. The use of various incentives for expansion of productive capacity and supply which is essential to our long-range preparedness program for full mobilization.

3. Continued exemption from the antitrust laws of voluntary producer agreements which contribute to the achievement of improved production of military items.

4. The development of an executive reserve of industrialists who agree in advance to accept key Government positions in the event of an emergency.

While the national chamber considers the continuation of these and other programs covered by the act as essential to national security, we oppose the amendment adopted by the House and included as section 3 of H. R. 9852. This amendment provides that no person may become a member of the executive reserves unless he has complied with the same requirements as applied to persons appointed without compensation, to the extent those requirements are applicable.

Our reasons for opposing this amendment are as follows:

1. It places an unnecessary restriction on the employment of industrial experts and technical consultants who might be desirous of participating in the executive reserve program and could greatly impair the success of that program. gram.

2. It would apply to executive reserve participants, who are not Government employees, the same restrictions that apply to officials who are Government employees.

3. It would require executive reserve participants to file the statement of financial interests now required of WOC's, which requirement places a high premium on Government service by men who volunteer their industrial experience and technical know-how so greatly needed to make the program effective and successful.

4. The past record of outstanding and patriotic service performed by WOC's is ample evidence that there is no need for placing these restrictions on those who consent to participate in the program.

The national chamber strongly urges, therefore, that your subcommittee strike section 3 of H. R. 9852 in the interest of developing an executive reserve program which will attract able and experienced industrialists to fill key executive positions in time of full mobilization.

We request also that further consideration be given to removing from section 710 of the Defense Production Act the unwarranted and discriminatory restrictions now placed upon the employment of WOC's, particularly the restriction requiring their submission of financial statements—a requirement that is not imposed on Government employees who serve with pay.

We would appreciate your making this letter a part of the hearings on S. 3407 and H. R. 9852.

Cordially yours,

CLARENCE R. MILES.

THE AMERICAN BANKERS ASSOCIATION,
Washington, D. C., April 23, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Senate Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR SENATOR FULBRIGHT: I have been informed that your Committee on Banking and Currency intends to hold hearings on S. 3407, which in effect would extend the provisions of the Defense Production Act of 1950, as amended. On behalf of the American Bankers Association, I would like to submit this statement urging the extension as proposed of section 301 of the act, which is of unusual importance to the banking system and of great value to the Government procurement agencies.

Section 301 of the act, as amended, in effect provides that the President, in order to expedite production and deliveries or services under Government contracts, may authorize certain agencies of the United States to guarantee, in whole or in part, any public or private financing institution against loss of principal or interest on loans made in connection with such contracts.

Under this authorization there was reactivated in 1950 the V-loan program which proved to be so successful during World War II. This program makes available through private financing institutions adequate funds needed by prime contractors and subcontractors, both large and small, in order to finance the performance of Government procurement contracts. From July 1950, through December 31, 1955, the Department of Defense, alone, authorized 1,395 loans in the amount of $2,467,600,000, of which $1,998,900,000 was guaranteed. As of December 31, 1955, the amount outstanding on these loans was $451,900,000, of which $337,300,000 was guaranteed. During the period aforementioned, the Department of Defense has received as guaranty and commitment fees and interest the sum of $22,827,326.96. Its expenses for that period amounted to $2,516,586.92. This would leave a net income of $20,310,740.04, which appears to be more than adequate to offset any possible losses and to cover expenses. The program therefore aside from the benefits derived from shifting the details of such financing to private lending institutions, would appear to be successful from a financial standpoint for the Department of Defense.

The V-loan program is important to the national security procurement program, and it is our belief that its continuance is necessary. We urge, therefore, the favorable consideration of the proposed extension of section 301 of the Defense Production Act of 1950, as amended.

Sincerely yours,

J. OLNEY BROTT.

FEDERATION OF AMERICAN SCIENTISTS,
Washington, D. C., April 30, 1956.

Senator J. WILLIAM FULBRIGHT,
Chairman, Committee on Banking and Currency,
Senate Office Building, Washington, D. C.

DEAR MR. FULBRIGHT: This letter is concerned with the amendment to S. 3407 introduced by Senator Bennett. This amendment states that "it is the policy of the Congress to promote geographical dispersal of the industrial facilities of the United States in the interest of national defense." We endorse this amendment, and urge that your committee report favorably on it.

Some time ago our federation warned in a public statement that the Nation's defense program is out of balance because dispersal of target areas is not proceeding fast enough. In a letter to President Eisenhower on May 13, 1955, we pointed out that the country is spending many billions each year on military weapons but hardly a cent on dispersal, which is one defense measure that has a chance of lasting effectiveness. The longer we wait to start dispersing, the more drastic the process will have to be to meet the danger of intercontinental missiles.

While the executive department has a praiseworthy dispersal policy, we feel that this important matter is not getting the public attention that it deserves and that Congress is in a unique position to generate. Hence we shall follow with interest the action of your committee.

Sincerely yours,

BRUNO H. ZIMM,
Chairman, Committee on Dispersal and Civil Defense of the Federation of American Scientists.

HARTFORD, CONN., *April 21, 1956.*

Senator ALLEN FREAR,
Chairman, Senate Subcommittee on Defense Production,
United States Senate, Washington, D. C.:

Re proposed amendment to Defense Production Act sponsored by Senator Bennett, of Utah, please be informed that the Connecticut Development Commission has consistently opposed "geographical dispersal" as sole and controlling factor in Government decision on location of industrial facilities and expansion of existing facilities. Were such an amendment to be enacted it would seriously interfere with normal growth and the creation of new job opportunities in practically every well-established industrial area in the country and would be a serious threat to the economy of the entire Northeast. In our opinion Office of Defense Management is presently equipped with sufficient restrictive authority to protect the best interest and safety of the entire country and this proposed amendment is neither necessary nor desirable.

ROBERT P. LEE,
Chairman, Connecticut Development Commission.

HARTFORD, CONN., *April 25, 1956.*

Hon. J. ALLEN FREAR, JR.,
Senate Office Building, Washington, D. C.:

Connecticut strongly opposed to Bennett amendment concerning geographical dispersal of defense industries. Similar move was defeated in Congress in 1952. Trust that your committee and the Congress will reject the Bennett amendment.

ABRAHAM RIBICOFF, *Governor of Connecticut.*

PROVIDENCE, R. I., *April 25, 1956.*

Senator ALLEN FREAR *of Delaware,*
Chairman, Senate Subcommittee on Defense Production,
United States Senate, Washington, D. C.:

As chairman of the New England Governors Conference I wish to protest the proposed amendment to the Defense Production Act sponsored by Senator Bennett of Utah the proposed use of "geographical dispersal" as the sole basis for governmental decision in locating industrial facilities for defense production is not warranted either by experience or by logic. Location of industry away from sources of raw materials and labor and efficient production will only increase cost and reduce effectiveness of the defense effort. I respectfully urge your subcommittee not to report out favorably the Bennett amendment.

DENNIS J. ROBERTS, *Governor of Rhode Island.*

BOSTON, MASS., *April 25, 1956.*

Hon. ALLEN FREAR,
Chairman, Senate Subcommittee on Defense Production,
United States Senate, Washington D. C.:

The New England Council, representing the business community of the six New England States, wishes to vigorously oppose the amendment to the Defense Production Act which has been proposed by Senator Bennett of Utah making "geographical dispersal" the sole basis for Government decisions on the location of future industrial facilities. We contend that most established industrial areas have characteristics which permit satisfactory local dispersion to adequately insure our defense effort against destruction to any alarming degree and that these established areas present advantages which cannot be overlooked in providing adequate qualitative and quantitative defense production such as a skilled labor force, experienced administrative personnel, research and scientific facilities, as well as completed civic facilities of all kinds. We also submit that it would be inconsistent with established national policy to dislocate the economy of areas in which industrial companies have been carrying a fair share of the tax burden which exists because of the demands placed upon the communities by those industries. We respectfully and vigorously urge that your subcommittee votes against this proposed Bennett amendment to the Defense Production Act.

WALTER RALEIGH,
Executive Vice President, the New England Council.

CAMBRIDGE, MASS, *April 25, 1956.*

Senator ALLEN FREAR,
Senate Subcommittee on Defense Production,
Washington, D. C.:

In re dispersal on behalf of the New England Governors Textile Committee I strongly protest the Bennett amendment to the Defense Production Act brought to our attention by Senator Bush, which would make vulnerability to atomic attack primary consideration in awarding contracts, tax favors, etc. Similar proposals made in Truman administration but quickly abandoned vulnerability one consideration but proximity to markets, materials, transportation, housing, and especially skilled labor very important. Unwise to double or treble costs and cut output in order to be ready for uncertain attack of uncertain time. Coale's book on Vulnerability to Atomic Bomb points out the tendency of manufacturers disposed to move back to good-labor-market areas. The Northwest, with 3 percent of war contracts and 1 percent of factory labor, cannot meet a large part of military and other needs.

In a recent year this area bore 4.03 percent of the Federal tax bill and received back in Federal outlays 5.58 percent. The Federal Government made large grants especially in roadbuilding and resource development. The Federal Government should not accelerate the pace at which it already turns the scales in favor of underdeveloped areas in 14 years. The percentage of industrial workers in the South rose from 13 to 20 percent of the Nation's; in the Mountain States from one-half to 1 percent these large gains are the result in part of decentralization movements no area except the South has been helped as much as excess of receipts of 40 percent for these Far West States shows. Movements out of big cities into surrounding area are practical but large migrations of factories except over long periods of time to underdeveloped areas are not practical.

SEYMOUR E. HARRIS,
Chairman, New England Governors Textile Committee.

(Materials relating to Defense Minerals Exploration Administration program follow:)

COMMITTEE ON BANKING AND CURRENCY,
UNITED STATES SENATE,
March 19, 1956.

Hon. DOUGLAS MCKAY,
Secretary of the Interior,
Washington, D. C.

DEAR MR. MCKAY: In connection with this committee's consideration of S. 3407, to extend the Defense Production Act, we should appreciate your views on the recommendation by the Comptroller General with respect to projects of the Defense Minerals Exploration Administration.

As set forth on pages 68 and 69 of the audit report to the Congress for the fiscal year 1954, to which reference is made on page 92 of the Review of Audit Reports of the Comptroller General by the Senate Committee on Government Operations (Sen. Rept. 1572, 84th Cong.), it appears that operators are given financial aid to encourage and assist in exploration projects. If no minerals are found, I understand that the advance need not be repaid. If minerals are found, then, I understand, the amount of the advantage must be repaid through a royalty on the minerals, but without any payment of interest or any payment on account of the administrative costs of the program. Furthermore, I understand that if no minerals are mined or produced within 10 years from the date of the contract (or in some cases a longer period), the operator will not be required to make any repayment, even though later minerals are produced from the project.

The Comptroller General recommends: "That the Congress require DMEA to include in its contracts provision for payment by operators of certified discoveries of interest on the funds advanced and a fair share of the administrative expenses involved, in addition to principal. We believe that such a requirement should also be added to existing contracts whenever possible."

I should appreciate your confirmation or correction of my understanding of the way this program operates, and your views on the changes recommended by the Comptroller General.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

COMPTOLLER GENERAL OF THE UNITED STATES,
Washington, March 28, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate.

DEAR MR. CHAIRMAN: Your letter of March 19, 1956, acknowledged March 20, requests a report on S. 3407 which would amend and extend the Defense Production Act of 1950, as amended (50 U. S. C. app. 2061).

Whether the needs of the mobilization and defense programs during the period July 1, 1956, through June 30, 1958, will warrant the extension and amendment of the Defense Production Act of 1950, as proposed by S. 3407, is a matter primarily for determination by the Congress. Therefore, and since we have no specific information as to those needs, we have no recommendations to offer.

We understand, however, that the assistant counsel to the Senate Committee on Banking and Currency is considering a further amendment to the Defense Production Act of 1950 to carry out the recommendation to the Congress contained in our audit reports on the Defense Minerals Exploration Administration, Department of the Interior, for the fiscal years ended June 30, 1953, and 1954. We recommended that operators, under exploration contracts, who have been furnished funds borrowed from the Treasury pursuant to section 304 (b) of the Defense Production Act of 1950 be required to reimburse the Government for its interest costs and administrative expenses when certified discoveries are made. Only the principal is presently required to be reimbursed in the case of certified discoveries. No reimbursement is required if no certified discoveries are made. If we can furnish any assistance to the Committee or its staff in this matter, we will be pleased to do so.

Sincerely yours,

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., April 10, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

MY DEAR SENATOR FULBRIGHT: This is in reply to your letter of March 19, 1956, which refers to a certain recommendation made by the Comptroller General with respect to the repayment provisions of DMEA exploration project contracts. You state your understanding of the repayment provisions and request our confirmation of your statement. In addition, you request our position with respect to the recommendation of the Comptroller General.

Your understanding of the repayment provisions of the contracts as stated in the second paragraph of your letter is correct.

The particular recommendation of the Comptroller General referred to is "That the Congress require DMEA to include in its contracts provisions for payment by operators of certified discoveries of interest on the funds advanced and a fair share of the administrative expenses involved, in addition to principal. We believe that such a requirement should also be added to existing contracts whenever possible."

The DMEA derives its authority from section 303 of the Defense Production Act of 1950, as amended (50 U. S. C. 2093), which authorized the President to "make provision for the encouragement of exploration" without specifying the method to be employed in effecting such encouragement.

You may be assured that very serious consideration was given by the Department of the Interior to the various methods of carrying out this authority at the lowest cost to the Government, at the same time achieving a maximum amount of new exploration. One of the first points considered was whether or not all, or any part, of the Government's contribution to the direct costs of exploration should be repaid. The Committee on Exploration and Development Incentives of the former National Minerals Advisory Council took the matter in hand. It was felt by some that the purposes of the program would best be served by grants, pure and simple, with no provision for repayment; and that such repayment as might be expected, or hoped for, had better come from the income taxes that would be collected from the proceeds of such production as might result from the new ore bodies discovered.

On January 29, 1951, the Committee submitted its formal recommendations to the Department of the Interior. A copy of this report is attached. These recommendations were given careful consideration by representatives of the Department of the Interior, in the light of experience with previous Government exploration programs and knowledge of operations in the minerals industry.

On February 12, 1951, the Secretary of the Interior transmitted his recommendation for the method by which the program should be conducted to the Administrator of the Defense Production Administration. Approval was requested for the 13-point program as outlined, adequate funds for carrying out its purpose, and authority to enter into contracts. A copy of the Secretary's letter transmitting the program is attached. Recommendation No. 5 of that letter is pertinent to the Comptroller General's recent recommendation to the Congress. It is as follows:

"5. The contracts referred to in paragraphs 3 and 4 above will provide that the applicant will repay on a royalty basis from net mill, smelter or other proceeds from such project, *an amount not in excess of the Government's contribution*, as the Secretary may determine." [Italics supplied.]

The program as outlined, the allocation of funds, and the delegated authority to carry out its purpose were approved by the Defense Production Administrator on February 28, 1951. In accordance therewith regulations were promulgated and published in the Federal Register on April 6, 1951 (MO–5).

The Comptroller General has made a number of recommendations for changes in DMEA procedures from time to time, most of which are designed to increase rigidity in the provisions of the contracts by placing emphasis on "repayment" rather than on "inducement to explore."

Representatives of my own staff and that of the DMEA considered the Comptroller General's recommendation concerning repayment very carefully and concluded that it would not be in the best interests of the exploration program to change the regulations as suggested. Some of the considerations leading to that conclusion are as follows:

1. The Comptroller General recommended that interest be paid and administrative costs recovered only from the operators of certified projects. Only 2 out of every 7 applications processed result in contracts. Only 1 out of every 4 of these contracts results in certification of discovery. Therefore, there is only 1 certification, on the average, out of 14 applications processed. It is impossible to devise any equitable scheme which could recover a significant share of the overall administrative costs of the program from these certified projects, many of which may not have sufficient ore reserves to repay the Government's contribution, even under existing provisions. In order to apportion to the operator of a certified project his fair share of the administrative costs, it would be necessary to determine the expense incurred in processing his application and administering his contract. This is impracticable for the following reasons:

(*a*) The amount of work involved on each application and contract varies widely from case to case depending on completeness of application, information available in Government files, nature of the commodity involved, project location, ownership of property, type of deposit, extent of field examination, amount of sampling and mapping necessary, amount and type of work performed, project time, repayment period, etc.

(*b*) Determination of each operator's fair share would necessitate cost accounting on a project-by-project basis, thus substantially increasing the overall costs of the program.

2. Applicants for aid must first find a property worthy of presentation. Substantial capital outlays resulting from technical investigations and acquisition costs are often incurred by the applicant before DMEA gets into the picture. After a discovery has been made, substantial capital outlays are necessary in most cases for mine development and production facilities. DMEA does not participate in the costs of either. This is but one of the compensating elements which led to the adoption of DMEA's repayment regulations.

The Comptroller General's recommendation does not appear to take into consideration the fact that in 1939, and again in 1946, the Congress enacted legislation (Public Laws 117 and 520) which directed the Department of the Interior to take steps to develop new sources of strategic minerals on public and privately owned lands; that over $42 million was spent through 1949 under these authorities; and that no repayment or obligation of any sort on the part of the property owner was imposed. That part of the Department's activities which related to direct exploration on private lands was virtually discontinued and supplanted by the DMA program in 1950. Under the DMEA program (successor to DMA), private industry has furnished an average of 38 cents for each dollar

spent in the search for new mineral resources and has also assumed a contingent obligation to repay the Government for its direct contribution to the costs of the work in the event of discovery of ore. If the terms of the contract were to be made less attractive, by adoption of the Comptroller General's recommendation, participation by private industry in risky projects of the long-range nature would tend to be discouraged, with the result that the old-type program would be reestablished in which the Government paid the entire cost. It is imperative that aggressive programs to explore for minerals be carried on and to the maximum extent practicable in conjunction with private industry.

3. In computing the total cost of the work approved under any contract, the Government does not recognize the overhead and interest charges borne by the operator. Since the philosophy of the program is that of a joint venture, the loading of interest and administration charges into the contract by both the Government and the operator would obviously increase the total cost of each project considerably. These costs would have to be provided for and allowed whether or not a contract resulted in certification. As is pointed out above, only 1 out of 4 contracts results in certification. Hence it would appear that by keeping the allowed costs of the projects as low as possible the Government actually saves in initial expenditures, which savings can be considered as an offset to whatever might be recouped from any equitable arrangement to recover administration and interest charges on the certified projects.

The Department desires to do whatever is necessary to encourage a maximum amount of new mineral exploration in order to improve our knowledge of domestic resources and to maintain an adequate mobilization base. It is also anxious to achieve its purpose at the lowest possible cost. We believe, however, that any recommendations for changes in the present carefully considered regulations should contribute to both of these objectives and should not contribute to only one to the detriment of the other.

To sum up, it is our considered opinion that carrying out the recommendation of the Comptroller General would be a definite deterrent to optimum exploration.

Sincerely yours,

DOUGLAS MCKAY,
Secretary of the Interior.

JANUARY 29, 1951.

NATIONAL MINERALS ADVISORY COUNCIL

ENCOURAGEMENT OF EXPLORATION

The Committee on Exploration and Development Incentives submits the following report:

1. The committee continues of the view that income-tax reforms, previously recommended by the Council, would contribute more than anything else to the stimulation of exploration. The balance of this report deals with other methods believed to be possible under the Defense Production Act of 1950.

2. It is understood that under that act the Government may make grants or loans to encourage exploration.

3. As a general principle, whenever possible, the funds contributed by the Government should be matched by private capital. That tends to insure that Government funds will not be wasted on frivolous ventures.

4. It is recognized that, in the case of some of the most strategic metals and minerals, the Government may have to depart from the matching principle, in whole or in part. In such cases, a more thorough examination of the project by the USGS or the B. of M. would seem an essential preliminary to Government participation.

5. As a general principle, the Government should be entitled, whatever the form of the arrangement, to repayment of the amount of its contribution from successful ventures. The Committee does not feel competent to express an opinion on the income-tax questions involved, but suggests consideration of an arrangement for tax-free grants, with payment to the Government of a percentage of profits for a limited period of time.

6. The Government should of course consider questions of availability of manpower, machinery, and equipment in processing applications for exploration assistance.

NOTE.—This resolution of the Council represents a proposal to the Secretary of the Interior but is not to be construed as the official policy of the Department.

FEBRUARY 12, 1951.

Gen. W. H. HARRISON,
Administrator, Defense Production Administration,
Washington, D. C.

DEAR GENERAL HARRISON: I wish to submit a request for $10 million under section 304, title III, of the Defense Production Act of 1950 to be used in accordance with section 303 (a) (2) of that act to encourage exploration for the critical and strategic metals and minerals listed in exhibit A, and such others as may be certified by the Secretary to the Defense Production Administrator from time to time. The Secretary requests approval of the program, the allocation of funds for this purpose and authority to enter into contracts for exploration projects calling for the expenditure or commitment of funds within the limits of the requested authorization.

PROGRAM

1. The Secretary will receive applications for Government participation or assistance, by means of grants, in exploration projects.

2. The scope and physical extent of each project will be investigated and defined by the United States Geological Survey and the Bureau of Mines for Defense Minerals Administration and approved by the Secretary.

3. As to projects approved by the Secretary, the Government will enter into exploration contracts on a project-by-project basis on the general principle that funds contributed by the Government will be matched by private capital, such contracts to provide that the funds provided by such capital will in general be expended prior to or concurrently with the expenditure of funds provided by the Government.

4. With respect to the most strategic and critical metals and minerals the Secretary may depart from the matching principle in whole or in part if he finds that such action is necessary to accomplish the objectives of the program.

5. The contracts referred to in paragraphs 3 and 4 above will provide that the applicant will repay on a royalty basis from net mill, smelter, or other proceeds from such project, an amount not in excess of the Government's contribution, as the Secretary may determine.

6. Advances of Government funds will be made periodically at the discretion of the Secretary. Report of expenditures and progress will be submitted by the applicant not later than 15 days after the close of each month.

7. Periodic checks will be made by Government engineers and geologists for Defense Minerals Administration, and the applicant will be required to keep adequate records of each project.

8. In the event the applicant is operating under a lease, he shall submit a copy of the lease and a certification by the owner that the lease is in good standing.

9. Government funds shall be used by the applicant only for direct costs and operating overhead of the project and not for administrative expenses not directly related to the project. Expenditure of Government funds by the applicant for machinery and equipment shall be on such terms and subject to such conditions as the Secretary may determine.

10. Financial assistance by means of exploration grants will not be supplemented by direct loans to the applicant under section 302 of the Defense Production Act for the purpose of supplying him with funds for his participation in exploration projects in which the Government has participated under this program.

11. Funds made available for this program will be expended by the Secretary only in the areas specified in section 713 of the Defense Production Act.

12. Funds received by the Secretary in repayment of advances under the exploration program shall not be retained by the Secretary but shall become part of the funds available under section 304 in order to maintain the revolving nature of such latter funds.

13. The Secretary will supply Defense Production Administration with periodic reports on the progress of the program.

LEGAL AUTHORITY

The legal authority for this project is contained in sections 303 (a) (2) and 304 of the Defense Production Act of 1950 (Public Law 774; 81st Cong.), approved September 8, 1950, and Executive Order No. 10161, dated September 9, 1950, and Executive Order No. 10200, dated January 3, 1951.

FUNDS

In order to proceed with the above described program the Secretary requests that $10,000,000 be made available for the current fiscal year under section 304 of the Defense Production Act of 1950 to be disbursed or committed for on the order and authority of the Secretary for the purposes and in the manner above described.

The program outlined above is necessary in the interest of national defense, funds for this purpose are not otherwise available to the Department of Interior and the program cannot feasibly be carried out by any other means than that provided by title III of the Defense Production Act. The project should relieve shortages of these metals and minerals to a substantial degree without diverting unnecessarily either materials or manpower otherwise essential to the defense program. Further, it will be effected by utilization of small business to a very large degree and should not result in any increase in the concentration of economic power in contravention of existing law.

Recommended:

OSCAR L. CHAPMAN, *Secretary of Interior.*

Approved:

E. T. GIBSON,
Deputy Administrator, Defense Production Administration.

EXHIBIT A

Manganese	Tantalum
Chrome	Antimony
Cobalt	Bismuth
Nickel	Copper
Tungsten	Lead
Molybdenum	Mercury
Fluorspar	Zinc & Cadmium
Miscellaneous ferro-alloy ores	Asbestos
Beryl	Cryolite
Cerium and rare earth ores	Sulphur
Columbium	Kyonite & other mullite refractories
Lithium	Mica (strategic grade)
Platinum group, unrefined materials	Monazite

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D. C., April 30, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter dated April 13, 1956, for comments on the views of the Secretary of the Interior relating to the recommendation included in our audit report dated May 31, 1955 (B–114812), to the Congress on Bureau of Mines and Defense Minerals Exploration Administration for the fiscal year ended June 30, 1954. This recommendation would provide for repayment to the Federal Government by operators of certified discoveries interest on the funds advanced and a fair share of administrative expenses in addition to the advances.

In his letter dated April 10, 1956, the Secretary of the Interior notes that requiring repayment of interest on the funds advanced and a fair share of administrative expenses would be a deterrent to the exploration program and would necessitate cost accounting on a project-by-project basis.

We recognize that views on the matter of repayment of interest on advances and a share of administrative expenses by operators of certified discoveries can differ, but the reasons for their exclusion as a cost to individual projects under the program do not appear to us to be compelling. In part, the differing views would seem to be based on whether the program is a means for financing exploration activities or a financial assistance program.

The recommendation in the report is based on the objective of repaying to the Federal Government the applicable costs of the Government wherever the discoveries warrant such action. We do not believe that incentives of operators are in any way reduced by such a requirement. Operators incur no economic risk of loss in a substantial portion of the direct expenses incurred in performance

of their exploration contracts since there is no requirement to repay to the Government its advances under the contract (ranging from 50 to 75 percent) unless a certified discovery is made and such discovery is placed upon a production basis. Where exploration activities do not result in discoveries, no repayment is required. This lack of risk, together with a basic profit motive, is, in essence, the paramount incentive to the operator for entering into the contract. The certified discovery is in many cases of such value as to make the requirement to repay Government costs, including interest and a share of administrative costs, insignificant by comparison.

The recommendation did not propose a method for distribution of administrative expenses to the various projects under the program. The method for distribution of these expenses should be based on a study and a resulting formula that is consistently applied. We cannot concur that a method for making a distribution of these expenses fairly to projects would be extremely difficult. The use of such a formula is not unique in Government operations. For example, certain agencies in the Federal Government use a predetermined percentage of project costs in charging to projects a share of administration costs.

We do not believe that repayment to the Government of interest on advances and a share of administrative expenses requires recognition of the contractor's overhead and interest costs for purposes of computing the total cost of the work under any contract.

Accordingly, it is our opinion that repayment to the Federal Government should be made by operators of certified discoveries of interest on the funds advanced and a share of the administrative expenses. The matter of repayment of these costs, however, is one for determination by the Congress.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

(Materials relating to General Services Administration program follow:)

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, August 13, 1954.

The ADMINISTRATOR,
General Services Administration.

DEAR MR. ADMINISTRATOR: Reference is made to certain metals procurement contracts under which the General Services Administration or the Defense Materials Procurement Agency has authorized advances to contractors for construction or expansion of plant facilities. It is understood that representatives of the Division of Audits have previously questioned the propriety of these contracts with members of your staff. Thereafter, advice was received that your General Counsel has expressed the opinion that these contracts were made pursuant to adequate legal authority.

The basic statutory authority relied upon in making these contracts and for authorizing the advances is that contained in section 303 of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2061, 2093), which reads as follows:

"To assist in carrying out the objectives of this Act * * * the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals * * *.

"(b) Subject to the limitations in subsection (a) of this section, purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, 1962, as the President deems necessary * * *."

Section 302 of the same act (50 U. S. C. App. 2061, 2092), provides:

"To expedite production and deliveries or services to aid in carrying out Government contracts for the procurement of materials or the performance of services for the national defense, the President may make provision for loans (including participations in, or guarantees of, loans) to private business enterprises (including research corporations not organized for profit) for the expansion of capacity, the development of technological processes, or the production of essential materials, including the exploration, development, and mining of strategic and critical metals and minerals. Such loans may be made without regard to the limitations of existing law and on such terms and conditions as the President deems necessary, except that financial assistance may be extended

Defense Production Act contracts authorizing advances of funds

[As of June 30, 1955]

Commodity	Contract No.	Date	Contractor	Production covered by contract: Quantity	Production covered by contract: Unit price	Production covered by contract: Value	Rights and obligations: Nature	Rights and obligations: Quantity	Rights and obligations: Value	Authorized	For capital facilities	Advanced	Repaid	Balance	Remarks
Aluminum	GS-OOP(D)-12202.	Sept. 13, 1951	Reynolds Metals Co.	100,000 short tons	Market ($0.19 pound).	$38,000,000	Purchase	100,000 short tons	$38,000,000	$12,000,000.00	$12,000,000.00	$12,000,000.00	$5,576,043.07	$6,423,956.03	The original letter contracts of 2 with Kaiser Aluminum & Chemical Co.; GS-OOP(D)-12192, covering production and sale to Government of 41,000 short tons with value of $15,580,000; and GS-OOP-(D)-12213, covering 100,000 short tons with value of $38 million. Both contained provisions for advances of $3,200,000 and $8 million, respectively. In the definitive contracts, however, no authority for advances appears, and no advances were made. In fixing the value, the price at the time the contract was made ($0.19 per pound) is used.
Beryl	DMP-79	May 13, 1953	Proberil, S. A	2,200 metric ton units	$50	110,000	do	2,200 metric ton units	110,000	50,000.00	50,000.00	34,164.10	34,164.10		This contract also authorized advances of $2,105,000 (of which $2,162,604.43 has been made), for the purchase by the contractor as agent for the Government, and installation and equipment, to which title has been taken by the Government on Government-owned property
Chrome	GS-OOP(D)-12272.	Apr. 11, 1952	American Chrome Co.	900,000 short tons (chrome concentrates).	$34.97	31,473,000	do	900,000 short tons		950,000.00	950,000.00	950,000.00	950,000.00		
Do	DMP-40	Mar. 23, 1953	Kenai Chromo Co	13,000 long tons (ore)	$97.60 long ton	1,261,000	do	13,000 long tons	1,261,000	310,000.00	150,000.00	310,000.00	54,538.99	255,461.01	In the Hellenic Mines contract, the contractor is obliged to repay the advances of both dollars and foreign currency by delivering to the Government a quantity of 47 percent chromite having a value, at the market price for Turkish chrome at the time of delivery, equivalent to the dollar value of the advances with interest. It is stipulated that the chrome delivered shall be the produce of the mines to be developed with the advances. It is to be noted that the contract cites the Defense Production Act as authority. This relates to dollar advances. The foreign currency advances are from counterpart funds generated by foreign aid programs, and were made available under ECA aid of 1948 and MSA aid of 1951. The total current value of the foreign currency advances is about $377,497.02.
Do	DMP-III-14		Hellenic Mines	(2)	Market		(2)			22,500.00	22,500.00	[1] 22,496.83		22,496.83	
Columbium-tantalum	DMP-III-0	Nov. 27, 1953	Gold & Base Metals, Ltd.	(2)	$2.62 pound	(2)	do	(2)	(2)	280,000.00	280,000.00	155,471.00		155,471.00	Contractor is obligated to repay advances by delivering to the Government sufficient 35 percent concentrates, at a base price of $1.26 plus premiums, plus a bonus of 100 percent of base plus premiums, to equal the amount of the advances with interest.
Copper	DMP-83	May 26, 1953	Banner Mining Co	12,960,000 pounds	$0.31 pound	4,018,000	do	12,950,000 pounds	4,018,000	473,605.00	473,505.00	473,065.00	262,285.70	211,379.24	Contractor has right to put 150,000 short tons to Government; Government has right to call 90,000 short tons of the contract quantity; any amounts called by the Government are deducted from the quantity contractor has the right to put, so that in any case the Government's obligation to take is limited to 150,000 short tons.
Fluorspar	65-OOP(D)-18003.	June 10, 1952	St. Lawrence Fluorspar Co.	150,000 short tons	$65	9,750,000	Floor price call.	150,000 short tons 90,000 short tons	9,750,000 5,850,000	1,250,000.00	1,250,000.00	[3] 1,279,501.13	440,337.53	839,163.50	
Manganese	GS-10P(D)-4.	do	Butte Mines Merger.	50,000 long tons (ore).*	$16.27 †	[4] 813,500	Purchase	50,000 long tons *	[4] 813,500	40,000.00	40,000.00	40,000.00	8,166.61	31,833.39	*Not less than 34,000 long tons. †Price schedule contained in revision No. 1 of manganese regulation (17-percent ore, $16.27).
Do	GS-10P(D)-3.	Nov. 13, 1953	Irving & Nelson	60,000 long tons (ore).*	$23.62 †	[4] 1,417,200	do	60,000 long tons *	[4] 1,417,200	106,587.50	106,587.50	106,587.50	32,712.96	73,874.54	*Not less than 30,000 long tons. †Price schedule contained in revision No. 1 of manganese regulation (20-percent ore, $23.62.
Do	GS-00P(D)-12229.	Mar. 20, 1952	Electro-Manganese Co.	36,000,000 pounds	$0.26 per pound	9,360,000	Floor price call.*	36,000,000 pounds 36,000,000 pounds	9,360,000 10,800,000	2,250,000.00	2,000,000.00	2,000,000.00	615,350.00	1,384,650.00	Government's call at higher of market of $0.26 per pound, subject to escalation.
Do	DMP-24	Dec. 31, 1952	Mangaslag, Inc	13,000 long tons (ferromanganese).	$200 per long ton	2,600,000	do*	13,000 long tons 13,000 long tons	2,600,000 2,600,000	1,320,000.00	1,000,000.00	1,320,000.00		1,320,000.00	Originally authorized advance of $1,000,000 not definitely allocated between capital and working funds; amendment No. 1 authorized increase of $320,000 in advance for working funds.
Do	DMP-16	Aug. 7, 1952	Manganese Chemicals Co.	107,130 long tons 1,312,500 long tons	$3 per long ton $2.35 per long ton	321,390 2,832,620	Floor price do	107,130 long tons 1,312,500 long tons	321,390 2,832,620	2,250,000.00	2,250,000.00	2,240,005.73		2,240,005.73	*Call at higher of market or $200 per long ton. Price $3 for 1st 9 months' production; thereafter, $2.35, subject to redetermination.
Do	GS-00P(D)-12263.	Apr. 7, 1952	Westmoreland Manganese Co.	264,000 long tons	$69 (average)	18,216,000	Purchase	264,000 long tons	18,216,000	3,807,250.00	3,207,250.00	3,040,381.03	123,374.53	2,917,006.50	
Do	DMP-25	Sept. 16, 1952	Products Transportation Lines.	30,000 long tons (ore)	$0.95 per long ton	1,225,000	do	30,000 long tons	1,225,000	100,000.00	100,000.00	43,508.29	1,392.96	42,115.33	
Do	DMP-2	June 10, 1952	El Chemdem Mining Co.	5,000 long tons	$0.72 per long ton	360,000	do	5,000 long tons	360,000	50,000.00	50,000.00	50,000.00		50,000.00	
Do	GS-00P(D)-2615.	Feb. 20, 1952	King Manganese Co.	800,000 long tons	$1.83 per long ton	1,464,000	do	200,000 long tons	1,464,000	90,000.00	90,000.00	90,000.00	10,670.16	79,329.84	
Nickel-cobalt-copper	GS-OOP(D)-12205.	Feb. 13, 1952	Falconbridge Nickel Mines, Ltd.	75,000,000 pounds nickel. 1,500,000 pounds cobalt. 25,000,000 pound copper.	$0.5666 pound $1.80 pound $0.19 pound	42,495,000 3,600,000 4,750,000	do Floor price Purchase Floor price	50,000,000 pounds nickel. 25,000,000 pounds nickel. 1,000,000 pounds cobalt. 25,000,000 pounds copper.	28,330,000 14,165,000 3,600,000 4,750,000	6,000,000.00	6,000,000.00	6,000,000.00	4,133,463.76	1,866,536.24	Although subject contract covers nickel, cobalt, and copper (all of which are contained in contractor's ores), the advance is to be liquidated (not by payment of money) by credits to contractor based upon contractor's production (whether or not sold to GSA) of nickel and cobalt only. Therefore, it appears that, in assessing the extent to which the funds advanced are "advance payments," only the nickel and cobalt obligations may be considered. Price of cobalt is higher of market or $1.80 per pound. In making the calculations for the financing of the contract, this was estimated at $2.40 per pound.
Nickel-copper	DMP-30		Milnet Mines, Ltd	4,104,000 pounds nickel.	$0.5666 pound	2,325,326	Purchase	4,104,000 pounds nickel.	2,325,326	440,000.00	440,000.00	440,000.00	440,000.00		Under these contracts, Milnet agreed to produce and sell ores to Falconbridge to produce nickel and copper from such ores and sell it to the Government. The advance to Milnet was liquidated by credits given, based upon the quantities of nickel only recovered from the ores. (See note on Falconbridge contract above.) In point of fact, the nickel recovery (3,900,000 pounds) fell short of the estimates (4,104,000 pounds), and the balance of the advance was liquidated by a cash payment. The contract also covered quantities of platinum and palladium, with total value of about $670,000, which are byproducts recovered in refining the ore.
	MDP-31	Oct. 15, 1952	Falconbridge Nickel Mines, Ltd.	4,906,561 pounds copper.	$0.275 pound	1,349,304	Floor price	4,906,561 pounds copper.	1,349,304						
Cobalt-nickel-copper	GS-OOP(D)-12095.	Oct. 14, 1951	National Lead Co	6,930,000 pounds cobalt. 9,202,000 pounds nickel. 7,088,000 pounds copper.	$2.103 pound $0.54 pound $0.244 pound	14,673,790 5,001,480 1,729,472	Purchase do do	6,930,000 pounds cobalt. 9,202,000 pounds nickel. 7,088,000 pounds copper.	21,304,742	7,500,000.00	7,500,000.00	7,500,000.00		7,500,000.00	
Ferro-nickel	DMP-50	Jan. 16, 1955	Hanna Nickel Smelting Co.	125,000,000 pounds	$0.8325 pound (average).	104,044,540	do	125,000,000 pounds	104,044,540	24,800,000.00	22,000,000.00	18,637,869.07	2,144,872.40	16,492,006.67	The price is per pound of contained nickel. The price progressively declines as production increases from $1.4385 per pound, to $0.605.
Nickel	DMP-82	May 31, 1953	Western Nickel Co., Ltd.	42,000,000 pounds	$0.5875 pound	24,675,000	do	42,000,000 pounds	36,855,000	2,625,000.00	2,625,000.00				The foregoing rights and obligations were contingent upon the success of the development part of the contract which failed, so no advances were made, and the contract appears dead.
				14,000,000 pounds	$0.565 pound	8,225,000	Floor price or market.	14,000,000 pounds.							
				7,000,000 pounds	$0.565 pound	3,955,000	Call at market or floor. (See "Remarks".)	7,000,000 pounds							
Tin-tungsten	GS-OOP(D)-520.		United States Tin Corp.	1,416,625 pounds tin	$1.125 pound	2,350,608	do	1,416,625 pounds	1,503,703	2,654,658.30	2,160,925.89	2,716,758.30		2,716,758.30	The contract provided that the prices were to be at market, with a provision for renegotiation based upon contractor's cost experience. The figures above are based on market prices prevailing at time of contract. In May 1954 GSA declined to renegotiate the price based upon the premise that the operation was feasible on at least a break-even basis at the then current market price for tin. The Government had a call on production, in default of which contractor had right to sell elsewhere, but, if unable to do so, contractor could put production in specified amounts to Government. Of the amount authorized to be advanced, $2,500,901 was authorized by contract or amendments; current advances not covered by formal amendment.
				14,061 short tons tungsten.	$53.45 pound			14,061 short tons	756,905						
Tungsten	GS-10OP(D)-1		Boulder Tungsten Mines.	1,405 short tons tungsten.	63.00 short tons tungsten.	88,515	Purchase	1,405 short tons tungsten.	88,515	88,109.00	88,109.00	88,109.00	88,109.00		
Titanium	GS-OOP(D)-12047.		Titanium Metals Corporation of America.	18,000 short tons	Market *	† 180,000,000	(2)			15,000,000.00	15,000,000.00	14,644,194.75	3,148,041.63	11,496,153.12	*Price fixed at lower of $5 per pound, or market. †Contract valuation based on $5 per pound, price current at time of contract. These contracts provide that contractors shall offer their production on the market and, if unable to sell to private consumers, they may then deliver titanium at the lower of $5 per pound, or market, in repayment of advances. The Government also has a call on 75 short tons per quarter (300 short tons per annum) when the capacity reaches 1,350 short tons per annum, and on an indeterminate quantity thereafter, in the Du Pont contract; in the TMCA contract Government has a call on 400 tons per annum, minimum, and also a call on a quantity not otherwise disposed of.
Do	DMP-6		E. I. du Pont de Nemours & Co.	13,500 short tons	do.*	† 135,000,000	do			10,340,000.00	10,340,000.00	10,340,000.00	2,533,924.72	7,806,076.28	
Do	DMP-75	July 31, 1953	Cramet, Inc	6,000 short tons	(*)	50,000,000	Floor price call.**	6,000 short tons	50,000,000	24,950,000.00	24,950,000.00	23,517,857.00		23,517,857.00	*$5 per pound ($10,000 per ton) for first 1,000 short tons; $4 per pound (8,000 per ton) for remaining 5,000 short tons. **Government has call on lower of 26 percent or production or 1,500 tons per annum, provided total Government required to purchase not to exceed 7,500 short tons.
Zinc	GS-OOP(D)-12136.		MacArthur Mining Co.	3,000,000 pounds	$0.175 per pound	525,000	do	3,000,000 pounds 3,000,000 pounds	525,000 525,000	45,000.00	45,000.00	45,000.00		45,000.00	
Do	DMP-15	July 16, 1952	Mid-Continent Mining Corp.	14,800,000 pounds	$0.16 pound	2,368,000	do*	14,800,000 pounds 10,500,000 pounds	2,368,000 1,680,000	325,000.00	325,000.00	325,000.00		325,000.00	*Call price is higher of market or floor price.

[1] $22,130.82 plus 1,175,531 (Austrian) schillings; 178,014 Deutschemarks; 8,607,000 (Greek) drachma.

[2] See remarks.

[3] Includes interest.

[4] Estimated.

only to the extent that it is not otherwise available on reasonable terms and manufacture of newsprint."

These separate statutory provisions obviously contemplated different types of financial assistance. Loans for plant expansion purposes were to be made only to the extent that financial assistance was not otherwise available on reasonable terms. And authority to make such loans has not been delegated to the General Services Administration or to the Defense Materials Procurement Agency. On the other hand, "advanced payments" under contracts for the procurement of critical and strategic materials hardly could have been intended as a proper substitute for a capital loan needed to construct or expand a plant facility. The ordinary and usual purpose of an advance payment is to provide working capital. That is to say, it is not customary to execute a contract for the purchase of materials from a company and then, under the pretext of an advance payment, lend the company the money to build the plant to produce the materials.

There has been found nothing in the present law to indicate that the Congress intended any broader authority insofar as concerns advance payments than that usually encompassed by the term "advance payments." In fact, another subsection (subsection (e)) of this very section 303, which provides the authority for advance payments, contains authority for plant expansion purposes. It authorizes additions and improvements to facilities owned by the United States and the installation of Government-owned equipment in private plants. Neither situation obtains in the case of the subject contracts.

This Office is thus inclined to the view that the program under which your administration has undertaken to make capital loans in the form of advance payments repayable in periodic installments or in materials is of highly questionable legality. However, the great importance of the question prompts me to request your views before instituting further action in the matter. In this connection I should like to be informed as to whether further advances of this nature are contemplated and as to the present status of those already made.

An early reply will be appreciated.

Sincerely yours,

FRANK H. WEITZEL,
Acting Comptroller General of the United States.

GENERAL SERVICES ADMINISTRATION,
NOVEMBER 16, 1955.

To: The Administrator.
From: The Comptroller.
Subject: Advance Payments Under the Defense Production Act of 1950, as amended.

To meet the questions raised by the Acting Comptroller General as to the legality of advance payments to acquire or expand capital facilities contracted for under authority of the Defense Production Act, we have prepared the attached tabulation for the Comptroller General. This reflects the financial status of such contracts as of June 30, 1955.

To summarize the data:

1. Advance payments, in whole or in part for capital facilities, were contracted for in 29 instances. In one of these, no funds were advanced.

2. The value of production covered by such contracts, based upon contract prices, aggregates in excess of $710,277,745.

3. Advances totaling $120,117,769 are authorized, of which $115,500,036 is for capital facilities.

4. Funds actually advanced total $108,410,568.73. Repayments total $20,597,-48.78, leaving a balance of $87,813,119.95.

5. Five contracts, with advances totaling $1,512,273.10, had been paid in full. (Since June 30, 1955, the balances of advances under two additional contracts, totaling $14,230,037.21, have also been paid in full, reducing the total balance outstanding to $73,583,082.74.)

6. Contractors are currently meeting their contractual obligations in 12 cases, with outstanding balances totalinf $68,810,170.14. (These figures include two cases paid out since June 30, 1955.)

7. Three cases, involving outstanding balances totaling $9,995,466.74, are delinquent, but it has not yet been deemed advisable to invoke contract sanctions.

8. As the result of defaults, or of the happening of contract contingencies, administrative and/or legal action has been or is being taken to liquidate eight contracts, with unpaid balances of advances totaling $7,495,209.97.

MAX MEDLEY.

GENERAL SERVICES ADMINISTRATION,
NOVEMBER 17, 1955.

Re advance payments under the Defense Production Act, as amended.

Hon. JOSEPH CAMPBELL,
Comptroller General of the United States,
Washington 25, D. C.

DEAR MR. COMPTROLLER GENERAL: As requested by your office, there is enclosed a summary schedule and analysis of contracts made by GSA and Defense Materials Procurement Agency for the production of critical and strategic metals and minerals, in connection with which advance payments were made for expansion of capital plant facilities under section 303 (b) of Defense Production Act, as amended.

Your office has suggested that these advances were unlawfully made; that in brief, GSA and DMPA, under the guise of advance payments, made loans for capital plant facilities that were unauthorized under section 303 of the act.

We have previously expressed a contrary opinion in discussions with your office and we have been requested to make a formal report. There is enclosed a memorandum opinion by General Counsel in support of our position. We are authorized to state that the General Counsel or ODM has informally expressed his agreement with the conclusion reached therein.

We trust that on further consideration you will concur in our view that advance payments for plant expansion may lawfully be made under section 303 of the act, provided that the amount advanced is not greater than the value of the material which the Government has the right to purchase, so that the advance can actually be recovered by a charge against a part or all of such material produced. We do not contend that there is authority to make advance payments that are not thus recoverable.

As we have previously advised your office, the exigencies of the materials picture have changed and it is not our present practice to make this type of financial assistance available in connection with new contracts.

Cordially yours,

EDMUND F. MANSURE, *Administrator.*

OCTOBER 3, 1955.

To: The Administrator.
From: Acting General Counsel.
Subject: Advance payments under the Defense Production Act, as amended.

You have asked my opinion whether GSA acted within its authority under the Defense Production Act of 1950, as amended, in making advance payments against production in connection with certain metal procurement contracts under which the contractor used the proceeds of the advance for the purpose of acquiring or expanding capital facilities. Similar advances were made under Defense Materials Procurement Agency contracts.

Mr. Weitzel, Assistant Comptroller General, in his letter of August 15, 1954, questioned the legality of advances for such purposes and suggested that under the act, advances may be properly made only for the purpose of making working capital available to the contractor.

As I have previously advised you informally, I am of the opinion that such advances were lawfully made.

The authority to make advances under the act is contained in section 303 (b), which provides, in pertinent part, that in purchasing, or making commitments to purchase metals, minerals, and other materials for Government use or resale, such purchases and commitments "may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments * * * as the President deems necessary * * *." (This authority was delegated to the Administrator of General Services and the Defense Materials Procurement Administrator by Executive orders of the President.)

You will observe that the phrase "including advance payments" is unqualified in any particular. Its conclusion was perhaps thought advisable, despite the language "without regard to the limitations of existing law," to override expressly another provision of law which does prohibit the making of advances.

That law (sec. 3648, Revised Statutes, as amended, 31 U. S. C. 529) pertinently provides, "No advance of public moneys shall be made in any case unless authorized by the appropriation concerned or other law"; the purpose of the pro-

vision being to assure, in the continuing language of the statute, that "* * * in all cases of contracts for the performance of any service, or the delivery of articles of any description, for the use of the United States, payment shall not exceed the value of the service rendered or of the article delivered previously to such payment * * *."

No special significance attaches to the term "advance payments" as used in this statute and it may not be construed as meaning that only advances for some purposes, and not others, are prohibited. By its provisions, for example, payment of advance rent for use of space by the Government,[1] and progress payments for work partially performed (if the Government has no title to or a lien upon the completed portion),[2] are as much prohibited by the statute as are advances for working capital or capital equipment.[3] All disbursements of public funds for any purpose before value received are simply prohibited, unless authorized by the appropriation concerned or "other law."

When, therefore, section 303 (b) of the act (the "other law") expressly authorizes advance payments in general terms, it is reasonable to conclude that the exception is, for the purposes of the act, as broad as the prohibition; that is to say, that in carrying out the objectives of the act, public funds may be disbursed in advance of value received. In short, it seems that if Congress had intended to limit the use of advances under section 303 (b) of the act for working capital purposes, it would have said so.[4]

Mr. Weitzel suggests, however, that the limitation is implied. He says, in effect, that the direct lending authority contained in section 302 obviously contemplates a different type of financial assistance from that contemplated by section 303; and, therefore, that advances made under section 303 procurement contracts "hardly could have been intended as a proper substitute for a capital loan needed to construct or expand a plant facility." He then adds, "The ordinary and usual purpose of an advance payment is to provide working capital."

I agree with Mr. Weitzel that the two sections contemplate different types of financial transactions. But, in the absence of explicit language to such effect, it doesn't follow that the purposes to which they may be put are mutually exclusive. For if it is said that an advance of funds under section 303 may be used only for working capital because loans are available for plant expansion under section 302, then it is as reasonable to suggest that loans under section 302 may be used only for plant expansion because advance payments are available for working capital under section 303. However, neither view is persuasive to me, for the reason that, in the particular under discussion, the object of both sections is, simply and identically, to furnish credit or financing where needed.

Indeed, that is one of the principal purposes of the whole of title III. Self-evidently, it was designed to provide a variety of credit and finance devices that could be tailored to meet the individual financial requirements of the many different kinds of business enterprises engaged in the critical and strategic materials field in a period of national emergency that was certain to call for more than "ordinary and usual" finance methods.

Thus, summarily, section 301 was designed to stimulate the flow of private credit by making available the so-called guaranteed V loan. Where private capital was not reasonably available, section 302 affords direct public loans. It is noteworthy that under either section assistance may be given to a borrower even though he has no Government contract as long as such action will expedite production and deliveries or services under Government contracts. Section 303 provides in part for direct Government purchases and commitments to purchase and also authorizes financial assistance, expressly countenancing advance payments in connection with such transactions. It also provides that Government-owned equipment may be installed in plants, factories and other industrial facilities owned by private persons. Thus, as needs for financial assistance vary, the act provides different devices for making such assistance available.

The fact that advance payments may resemble loans in certain particulars seems to me to be immaterial. As long as the money advanced to a contractor is truly an advance payment, that is—payment in advance for materials to be

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[1] 19 Comp. Gen. 758.
[2] 29 Atty. Gen. 46.
[3] 26 Comp. Gen. 468.
[4] See, for example, special congressional exemption from the general ban against advance payments in title 31 U. S. C. at sec. 530, with respect to advance payments for periodicals for Government use; and at sec. 531 with respect to the payment of rent in advance for Government use of foreign office space. Similarly, Congress could have explicitly lifted the ban of the Revised Statutes to permit the making of advances for working capital purposes only; but it did not.

produced or services to be rendered, the act does not, either specifically or by implication, place any restrictions on the use to which the contractor may put such money.

Contracts with delinquencies in performance

NO ACTION TO LIQUIDATE

Contract No.	Name	Unpaid balances of advances
	Kenai Chrome Co	$255,461.01
	Manganese Chemical Co	2,240,005.73
	National Lead Co	7,500,000.00
	Total	9,995,466.74

IN LIQUIDATION

	Mangaslag, Inc	$1,320,000.00
	Westmoreland Manganese Co	2,917,006.50
	Products Transportation Lines	42,115.33
	El Chedem	50,000.00
	King Manganese Co	79,329.40
GS-00P(D)-520	United States Tin Corp	2,716,758,83
	MacArthur Mining Co	45,000.00
IMP-15	Mid-Continent Mining Corp	325,000.00
	Total	7,495,209.97

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D. C., February 21, 1956.

HON. FRANKLIN G. FLOETE,
Acting Administrator, General Services Administration.

DEAR MR. FLOETE: Reference is made to your letter of November 17, 1955, with enclosures, expressing the opinion, with which your General Counsel concurs, that certain contracts made by GSA and the Defense Materials Procurement Agency for the production of critical and strategic metals and minerals—wherein it was agreed that advance payments were to be used for purposes of plant expansion—were authorized under section 303 (b) of the Defense Production Act of 1950.

Your letter was in reply to our letter of August 13, 1954, questioning the legality of these transactions on the basis that the Congress could not have intended that the authority to make advance payments under 303 (b) would be used for making what amounted to loans for purposes of plant expansion, since authority to make loans for such purpose was contained in section 302 of the statute.

On further consideration of the matter in the light of the memorandum of your General Counsel, we are in accord with your view that the statute is sufficiently broad to permit advance payments to be used for expansion of plant facilities, as well as for working capital. Accordingly, no further question will be raised as to the legal propriety of the transactions involved.

Sincerely yours,

JOSEPH CAMPBELL,
Comptroller General of the United States.

(A report of the Attorney General follows:)

REPORT OF THE ATTORNEY GENERAL PREPARED PURSUANT TO SECTION 207 (a) OF THE SMALL BUSINESS ACT OF 1953, AS AMENDED, APRIL 13, 1956

To the President of the United States of America and the Senate and the House of Representatives of the United States of America in Congress assembled:

I have the honor to submit this second report for the fiscal year 1955–56 under section 207 (a) of the Small Business Act of 1953, as amended by section 5 of Public Law 268, 84th Congress. That provision directs the "Attorney General * * * to make * * * surveys for the purpose of determining any factors which may tend to eliminate competition, create or strengthen monopolies, injure

small business, or otherwise promote undue concentration of economic power in the course of the administration of this act. The Attorney General shall submit to the Congress and the President * * * reports setting forth the results of such surveys and including such recommendations as he may deem desirable."

This report focuses on the operations of the Small Business Administration in assisting business firms to obtain certain raw materials in chronic or temporary short supply due, in part, to the demands of the national defense program. This report is based on interviews with representatives of the Small Business Administration, the Office of Defense Mobilization, the Business and Defense Services Administration of the Department of Commerce, and the General Services Administration, as well as on documentary materials supplied by these agencies.

I. PROBLEMS OF RAW MATERIAL SHORTAGES

From March 1 to December 16, 1955, the regional offices of the Small Business Administration reported 626 cases in which assistance in obtaining raw materials and equipment was requested. The materials most frequently sought were aluminum and copper, and, to a lesser extent, nickel, steel, cement, helium, and gypsum.[1] The volume of these requests evidences the fact that many small concerns believe that they have been handicapped by inability to procure materials essential to their productive operations.

In any period many factors may affect the supply and demand of various raw materials. These factors may disrupt the normal distributive processes by which such materials are channeled, and may cause temporary shortages. Inadequate production facilities continually lagging behind a constantly expanding demand for the materials, as new end products requiring their use are developed, may even mean chronic shortages. Adjustment to such supply and demand fluctuations is a normal part of business operations. Shortages of materials necessary for production is generally among the normal hazards of doing business.

But, the Korean mobilization program and its cold-war aftermath intruded an additional factor on the industrial scene. In partial response to international developments, under the Defense Production Act of 1950, as amended,[2] and the Strategic and Critical Materials Stockpiling Act, as amended,[3] the Government has, among other things: (1) Entered into contracts with suppliers of basic raw materials to expand needed defense production facilities;[4] (2) diverted quantities of such materials to a Government stockpile to ensure availability of sufficient quantities of scarce materials for immediate defense production needs in an emergency;[5] and (3) diverted raw materials from civilian markets to business firms requiring them for defense contracts.[6]

Execution of the various functions under these acts has been delegated to the Office of Defense Mobilization.[7] It has the overall task of coordinating production for national defense. The administration of certain specialized functions has been subdelegated to other agencies.

The Emergency Procurement Service of the General Services Administration, for example, is responsible for the purchasing and storing of the stockpile and defense production inventories.[8] Upon order from ODM it may defer the delivery dates of such stockpile orders from suppliers, or discontinue such purchases entirely for a time. For further example, the Business and Defense Services Administration of the Department of Commerce has been delegated the power to allocate scarce materials from the producer to manufacturers requiring them for fulfillment of defense contracts.[9]

Beyond these powers presently exercised, the Defense Production Act em-

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[1] Increasing concern over these complaints was noted by SBA in its fourth semiannual report for 6 months ending June 30, 1955, p. 74.

[2] Public Law 774, 81st Cong., September 5, 1950, ch. 932, 64 Stat. 798; Public Law 96, 82d Cong., July 31, 1951, ch. 275, 65 Stat. 134; Public Law 429, 82d Cong., June 30, 1952, ch. 530, 66 Stat. 296; Public Law 295, 84th Cong., August 9, 1955, ch. 655, 69 Stat. 580.

[3] Public Law 520, 79th Cong., July 23, 1946, ch. 590, 60 Stat. 596; Reorganization Plan No. 3, sec. 2 (b), effective June 12, 1953, 67 Stat. 634.

[4] Sec. 303, Defense Production Act of 1950, as amended.

[5] Sec. 3, Strategic and Critical Stockpiling Act of 1946, as amended.

[6] Sec. 101 (a), Defense Production Act of 1950, as amended.

[7] Reorganization Plan No. 3, sec. 2 (b), effective June 12, 1953, 67 Stat. 634; Executive Order No. 10480, 3 C. F. R., 1953 supp.

[8] Executive Order No. 10480, sec. 101, 3 C. F. R., 1953 supp.; DMO 1–7, 32A C. F. R., 1953 revision, p. 14.

[9] Executive Order No. 10480, sec. 201 (a) (4), 3 C. F. R., 1953 supp.; DMO 1–7, 32A C. F. R., 1953 revision, p. 14.

powers the Government, where necessary, to control allocation of materials even for the civilian market.[10] At present, however, defense agencies see no necessity for the utilization of such power. Apparently, the diversion of materials to the needs of the defense efforts, in the present condition of our economy, has not been sufficient to create any significant general dislocation of distribution in the civilian market to such a degree as to create appreciable hardship in the business community as a whole. Nevertheless, it cannot be denied that some materials are at present in short supply. The complaints to the Small Business Administration indicate that many small-business men are feeling the effects of these shortages.

The question arises whether the complaints of shortages among small-business men are the result solely of absolute or relative shortages in the supply of the raw materials involved, or whether such failure to obtain necessary supplies is the result, in part, of an unequal distribution of these materials by the suppliers. In the disruption of the normal distributive channels caused by the demands of the defense program, the materials remaining for civilian consumption may well be distributed, in some cases, in an unequal manner between large and small firms. In a sellers' market some raw material suppliers may tend to dispose of their product, in the easiest way possible, to large volume buyers. In this way, the larger businesses who require materials, and who can afford to obtain their requirements in such volume purchases, could obtain a significant advantage over smaller companies.[11]

It is the understanding of the Small Business Administration representatives that most suppliers of such critical raw materials, faced with the problem of inadequate supplies for the demands of the civilian economy, have adopted a quota system of distribution. In effect, they tend to reserve to each of their regular customers a percentage of the available supply based upon the percentage of business normally done wtih that customer in previous years.

In any event, the presently existing pattern of distribution presents problems which may lead to greater economic concentration among the larger businesses and a decline in small business ability to compete. If all suppliers of these materials and distributing them rigidly in proportion to prior purchases, this could freeze the status quo in industres dependent upon these materials. It would lead to a rigid stratification in the position of the various large and small companies in these industries. No company would be able to expand its production at the expense of its competitor and rise to a more prominent position in an affected industry. This would be particularly harmful to small businesses which started operations shortly before this period of shortage arose, with hopes of rapid expansion after a few years. Worse, it will prevent the entry of new manufacturers in any such affected industries. If there is no available supply of the materials needed for production, no new competitors can hope to enter the field.

If, on the other hand, suppliers are tending to favor their large customers in the distribution of these materials, these customers will be able to grow in strength at the expense of their smaller competitors. Ultimately, if such a process were to be continued, many of the smaller, marginal competitors would have to go out of business.

II. SBA'S LEGISLATIVE AUTHORITY

The Small Business Act of 1953 embodies the congressionally declared policy that this Nation's security and economic well-being can best be realized by encouraging development of small business. To preserve free competitive enterprise Congress directed that the Government should aid, counsel, assist, and protect insofar as is possible the interests of small-business concerns. The Small Business Administration was established for this purpose; to aid in opening up free markets, free entry into business, and opportunities for the expression and growth of personal initiative and individual judgment among small-business men which is assured from the existence of such full and free competition.[12] The opportunity for small-business concerns to obtain their share of necessary raw materials essential for the preservation of such competition. The preserva-

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[10] Sec. 101 of the Defense Production Act, as amended.

[11] It must also be noted that such unequal distribution may also arise where the supplier of such material himself enters the field as a fabricator of end products based upon this raw material, because of the greater scope for profits in such integrated production. In such cases the tendency appears to be to reserve a greatly disproportionate share of his raw material for his own use.

[12] Sec. 202 of the act.

tion of such opportunities, therefore, comes squarely within the duties of the Small Business Administration.

While SBA must assist the small-business community in finding a solution to the problems involved in obtaining these raw materials, Congress has provided SBA with only limited statutory tools available to this end. Under section 212 (f) of the act SBA may obtain from suppliers of materials information pertaining to the method of filling orders whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production. Section 212 (g) authorizes SBA to make studies and recommendations to the appropriate Federal agencies to insure a fair and equitable share of materials, supplies, and equipment to small-business concerns to effectuate war or defense programs. Yet another provision empowers the agency generally to make studies of the effect of price, credit, and other controls imposed under war or defense programs, wherever it finds that such controls discriminate against or impose undue hardship upon small business. It may then make recommendations to the appropriate Federal agency for the adjustment of controls to the needs of small business.[13]

These sections of the act limit SBA in this field to investigative and advisory functions. Furthermore, all of these provisions authorize action only where war or defense production of a small-business concern are directly involved in raw material shortages. Since a small manufacturer requiring such materials to fulfill defense contracts is able to obtain them through the allocation power of the Business and Defense Services Administration of the Department of Commerce,[14] these provisions provide only a supplementary benefit to the small-business community. In any event, they do not relate squarely to the crux of the problem, since most of the small-business complaints to SBA over inability to obtain raw materials come from firms engaged wholly in supplying the civilian market; they are not involved at all in defense work.

However, an amendment to the act which became effective on July 31, 1955, does specifically concern this problem.[15] Under the new provision, a group of small-business concerns may form and capitalize a corporation, subject to the approval of the Attorney General, for the purpose of establishing facilities to produce or secure raw materials or supplies. In order to facilitate the establishment of such corporations, it was provided that the statutory limit of $250,000 on loans by the SBA may be extended, for loans to such a corporation, to a figure reached by multiplying $250,000 by the number of separate small businesses involved in the formation and capitalization of the corporation. It was hoped by the Congress that this provision would open up to small-business concerns an opportunity to secure for themselves an independent source of raw materials and supplies, enabling them to compete on more even terms with their integrated competitors, and to create new competition in fields where competition is most needed.[16]

This provision has been in operation only 8 months. During this period only one application for a loan to organize such a corporation has been received by the Small Business Administration. This application was approved.

We cannot know at this time all the reasons why small-business concerns, hit by the pinch of raw-material shortages, have not taken advantage of this provision to jointly organize corporations to produce an independent supply of such materials. However, some possible reasons are worth exploration.

In the case of many of the raw materials about which complaints of shortages have been received from small concerns, the capitalization requirements for the establishment of a plant to produce the materials are far beyond the capabilities of any manageable group of small businesses. For example, the cost of establishing a plant for the production of nickel would be prohibitive. The Government's total capital investment in the Cuban Nickel Co. plant, which it owns, is approximately $47.4 million.[17] To obtain such a sum of money in loans from the Small Business Administration would require the joint cooperative efforts of some 200 small-business firms which require nickel in their own individual production. An undertaking on this grand a scale obviously would be impracticable and unmanageable.

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[13] Sec. 216 of the act.
[14] Ante, p. 4.
[15] Sec. 207 (a) (2) of the act, as amended.
[16] H. Rept. No. 1350, 84th Cong., 1st sess., pp. 5–6 (1955).
[17] General Services Administration press release, February 23, 1956, on the operation of this plant.

Another possible explanation may be inferred from the experience derived from the operation of somewhat similar joint efforts by small-business firms in the pooling program originally established under the Defense Production Act of 1950,[18] and continued under the Small Business Act of 1953.[19] This pooling program was considered by Congress to have been a failure during the Korean emergency.[20] A survey by the Department of Justice disclosed the principal factors responsible for the lack of success of the program. It was indicated, among other factors, that inherent in the operation of such pools are the sometimes insuperable difficulties of getting a number of small-business firms to arrive at joint decisions to take joint action. Friction, fluctuating or flagging interest, procrastination, and delay among members and the difficulty in arriving at joint decisions were found to be prime obstacles to the success of such enterprises.[21]

Such problems would also seem to be inherent in a situation where a group of small concerns would have to come together for united joint action in the organization and capitalization of a raw-material facility, and the subsequent joint control and operation of such a plant. Naturally, as the number of joint members increases, in order to obtain necessary capital, the inherent problems in such an enterprise are multiplied in perhaps a greater proportion.

III. CURRENT OPERATIONS OF SBA IN THIS FIELD

Since the Small Business Administration does not have any real legislative authority enabling it to assure a supply of basic materials to small-business concerns, it is, at present, reduced to purely voluntary and informal action in attempting to render such assistance. Primarily through field office action, it attempts to intercede with its good offices in negotiations with the businessman's normal supplier, or to discover alternate sources of supply. In rendering this voluntary assistance, SBA's limited manpower confines its efforts to assisting what it deems legitimate hardship cases, rather than those companies merely desiring to expand beyond a current or previous level of activity. To effectuate this program, SBA has established procedures for the guidance of its field offices to obtain expeditious and satisfactory handling of these complaints.

If the problem cannot be solved on a local level, the Washington office either contacts the supplier itself, or refers the case to ODM, BDSA, or GSA, seeking their intercession on behalf of the small-business man. In the majority of cases in which the Small Business Administration has sought to aid a small firm in this manner, it has been successful in obtaining a delivery of the required raw material from some supplier.

The BDSA also acts unofficially, upon evidence of real hardship, to assist such a small-business man in negotiations with a supplier. Its criteria for determining what firms deserve assistance appear to be much the same as those of the Small Business Administration. However, unlike the SBA it does not see fit to extend assistance to a new manufacturer of a product who has not yet established a source of supply, and is, therefore, unable to obtain any deliveries of any of the critically short raw materials. In such a case, BDSA takes the position that a firm is assumed to have entered the field with full knowledge of the materials shortage situation, and has accepted the risks involved in its decision.

In its turn, the Office of Defense Mobilization furnishes a measure of indirect but substantial benefit to nondefense manufacturers, including small-business men suffering from raw materials shortages, by its actions in the field of stockpiling. Where it is indicated that a certain defense material may be in critically short supply, and if the extent of the stockpile in that material can possibly warrant it, ODM may defer its quarterly acquisition of the material for the stockpile. In extreme cases it may drop entirely plans to stockpile the material during a quarterly period.[22] Such a release of production to the general market helps greatly in easing the shortage problem.

In addition to its voluntary intervention to obtain raw materials for small-business men on a case-by-case method, SBA is making some efforts to rectify the problem at its source. Among the plans that have been considered is a

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[18] Sec. 708 of the act, as amended.
[19] Sec. 217 of the act, as amended.
[20] S. Rept. No. 1597, 82d Cong., 2d sess. (1952), Select Committee on Small Business Report on Defense Production Pools, p. 13.
[21] Report of the Attorney General under the Defense Production Act, April 8, 1954, p. 7.
[22] For example, ODM diverted the entire supply of copper scheduled for delivery to the stockpile during the fourth quarter of 1955 to civilian markets. In addition, it dropped plans to acquire 200 million pounds of aluminum during the third quarter of 1955, and diverted 75,000 tons of that metal to the civilian market during the fourth quarter.

proposal for meetings with representatives of ODM, GSA, and BDSA to attempt to formulate a comprehensive joint administrative policy on the raw-materials program. This policy might, among other considerations, better fulfill the needs of small-business men, and insure that small-business concerns may be enabled to obtain a fair share of the total production of raw materials in short supply which remains after stockpiling and defense demands are satisfied.

SBA is also suggesting a program of action, which the various producers of such critical materials might adopt, for the voluntary setting aside of a certain small proportion of their annual output specifically for the use of possible new consumers. If such a suggestion is adopted, it would go far toward easing, within the framework of the existing laws, one aspect of this problem involving small business.

IV. RECOMMENDATIONS

1. It is generally agreed that the present economic picture does not require the imposition of Government controls over the production and distribution of raw materials. At the present time there is no such disruption of markets and supplies as occurs in time of war. Consequently, Government controls cannot be justified by the fact that defense requirements have created a shortage.[23]

Nevertheless, it has been suggested that in the present situation, in order to protect the interests of small business, SBA be given a limited power to allocate critical raw materials in short supply to certain hardship cases, when a clear necessity arises. Such a power of allocation would have the effect of insuring to a small-business firm the ability to obtain his supplies if his normal channels of distribution become disrupted, and he faces the alternative of going out of business. It will also insure the availability of some supplies of essential materials to a new manufacturer who otherwise would be unable to obtain even minimum requirements.

On the whole, however, we consider such a plan to be impracticable. The problem is entirely different from SBA's normal financial assistance programs and the defense procurement programs. In the field of defense procurement thousands of firms may seek such awards. They may qualify under SBA's small business standards and make application, but be rejected. Because it is obvious that only a few can be chosen, those who lose have no ground for complaint that they failed for lack of assistance. The losers expect to be left to their own devices to engage in other production. Similarly, in the operation of the loan program all who require financial assistance and who qualify under SBA standards will be given such assistance; at present the limit of the amount of funds available for loans is not an important consideration.

However, scarce industrial materials for use in manufacture cannot be made available to everyone according to his own estimation of his need. There must, therefore, be a preliminary determination of what is a fair share for each producer relative to all others. This would immediately involve questions far beyond the scope of limited aid to a certain number of producers. It would in fact involve questions affecting the overall allocation of materials throughout the economy.

Even without considering such factors, the development of proper standards would be difficult. It may perhaps be doubted, for example, whether such criteria should include aid to newcomers in a field of manufacture. Under our free competitive system many newcomers will appear in any field of business activity which seems to be promising. If the Government held out a promise of help in the way of a supply of materials to all new producers in any field, such action might have the effect either of soon exhausting the resources of supplies in such materials and failing in its promise, or promoting unsound development to the injury of some, perhaps to many businessmen, in an overextended industry.

Similarly, where aid would be confined to strict hardship cases unrelated to new producers in a field, other problems arise. Only when supplies are sufficient to meet all demands may every producer have all that he wants. Therefore, it must be recognized that every effort of the Small Business Administration to turn materials in times of scarcity to any one applicant involves the denial of such material to some other producer. Therefore, before the Small Business Administration can help one small-business man in this respect, it must determine that his need is greater than that of others who, except for the effects of SBA, would receive the materials in question. No assistance should be given any applicant

[23] See ODM's Stockpile Report to the Congress, January–June 1955, p. 6.

without full knowledge of his need and his qualifications, even in those instances when a manufacturer has been denied a supply of materials conforming to his historic purchasing pattern. The Government is hardly warranted in intervening without knowing that the applicant is qualified and prepared to make use of the requested materials in the immediate future, and that he has not accumulated a more than adequate stockpile of his own.

For equitable operation of such allocation power, SBA would require as full an investigation in the case of such applicants as is now made of applicants seeking financial assistance. Where there is adequate security, a mistake in giving financial aid is of no great consequence; and even when no recovery is possible, the Government suffers but a single business loss. However, when essential materials in time of scarcity are mistakenly diverted from one or more small producers, the consequences may involve the business failure of some of these competitors. Therefore, a heavy burden of investigation is prerequisite for the equitable administration of even limited power of allocation.

It is concluded that limited power of allocation would be impracticable without involving complete allocation over particular materials. The standards for such allocation would be extremely difficult to formulate. And, in the final analysis, the administrative burden upon the Small Business Administration would probably be completely disproportionate to the effective benefit such limited power of allocation could be expected to bring to the small-business community.

2. Under section 212 (f) of the Small Business Act SBA has authorization to obtain from suppliers of materials information pertaining to the method of filling orders whenever it appears that any small business is unable to obtain materials from its normal sources for war or defense production. This limitation is inappropriate to the present state of affairs, since the problems which SBA is now called upon to resolve are unrelated to war or defense production. It is clear that the operations of SBA in this field would be aided by a legislative amendment removing this limitation, and permitting the agency much greater latitude in developing the overall factual picture in the distribution of materials which are presently, or are soon expected to be, in short supply.

3. It is believed that an authoritative economic survey should be made of the current methods of distributing materials in short supply to the civilian economy, and their effects upon the operations of small business firms. The Small Business Administration is the governmental agency in closest touch with the small-business community and its problems in this area of operations. It has already established contacts with various suppliers involved, and has established smooth cooperative working relations with the defense production agencies who maintain contact with other suppliers of such materials. It would seem to be the logical agency to conduct an investigation of this nature. Therefore, it is suggested that SBA should undertake such a study of distributive practices by the suppliers of such materials, as they affect the small-business man, provided legislative sanction is granted.

An inquiry of this kind should ascertain the relative proportions of materials sold to large firms and to small businesses by the various suppliers, under both the historical pattern and present practices. It should find whether suppliers are selling on a quota system, a first-come, first-served basis, or some other method. It should discover whether the suppliers are holding any reserve of production for possible new customers, and ascertain the effect on distributive practices, if any, of an increase in production or the withdrawal of a former customer's business.

Unless all the facts in the distributive picture in these critical areas of production are known, it will be impossible to gage, with any degree of certainty, the effect of the present defense program upon economic concentration in the civilian economy. The results of such a survey, on the other hand, will furnish a substantial basis either for possible legislative action, if that be deemed necessary, or for a more knowledgeable and systematic policy of voluntary assistance by governmental agencies to small businesses affected by these shortages.

4. Apart from such a survey, it is believed that SBA, ODM, BDSA, and GSA should, at once, work out as speedily as possible a tentative joint policy of action in their handling of complaints from businessmen on shortages of supplies. Such a plan, in the light of the present facts, must not only determine what should be considered as hardship cases and what types of cases should receive unofficial assistance in obtaining supplies; it should also give greater consideration to easing the needs of small-business men in the civilian economy within the overall framework of the defense program. The results of an over-

all investigation of present distributive practices in these critical areas, as they are developed, would guide the gradual formulation of a more definite and permanent program.

Respectfully submitted.

HERBERT BROWNELL, Jr., *Attorney General.*

(Materials relating to the WOC program follow:)

COMMITTEE ON BANKING AND CURRENCY, UNITED STATES SENATE,
December 1, 1955.

The Honorable PHILIP YOUNG,
Chairman, Civil Service Commission,
Washington, D. C.

DEAR MR. YOUNG: Under paragraph 710 (b) (7) of the Defense Production Act of 1950, as amended by Public Law 295, 84th Congress, enacted August 9, 1955, you are required to survey appointments made under subsection 710 (b) of the act and to report your findings to the President and the Joint Committee on Defense Production at least once every 3 months.

Section 305 of Executive Order 10647, of November 28, 1955, refers to this statutory report, and prescribes certain information which is to be included in the report.

I understand that your first report under paragraph 710 (b) (7) was not submitted within the required 3 months, and that it has not yet been submitted. I should appreciate a statement of your reasons for not complying with this statutory requirement.

I also understand that department and agency heads have since August 9, 1955, been using the authority conferred by the amended subsection 710 (b), both by continuing to employ persons previously appointed under the old subsection and by making new appointments under the amended subsection.

In the course of your survey of and report on appointments under subsection 710 (b) would you investigate and report on the following points:

The appointments made under section 710 (b) during the period from August 1, 1955 (when the old authority terminated), and November 28, 1955;

The arrangements made after August 9, 1955, and before November 28, 1955, to insure compliance with the new provision in paragraph 710 (b) (3), effective August 1, 1955, that appointees under the subsection "shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions";

Any evidence that persons appointed under subparagraph 710 (b) did not limit their activities as required by paragraph 710 (b) (3);

Any persons appointed under subsection 710 (b) after August 1, 1955, (*a*) whose appointments were terminated before November 28, 1955, or (*b*) whose appointments are terminated before December 28, 1955 (the date when the filing of financial information by appointees under the subsection is required by Executive Order 10647).

Would you also please let me know whether it is your intention to limit your quarterly reports, when submitted, to the mechanical functions provided for in the Executive order, or whether you intend to exercise any independent judgment with respect to the sufficiency of the statements and certificates required by the act and the order, the qualifications of the appointees, and the availability of persons on a fulltime salaried basis for the positions involved.

You are, I am sure, aware that the provision requiring a quarterly report from you was included for the purpose of obtaining your judgment, as head of the Civil Service Commission, on the manner in which this exceptional authority was being exercised, and the impact of the appointments on the civil-service program, rather than for a mechanical determination that certain documents were or were not executed and filed or for a statistical report on operations under the subsection, however useful these clerical functions may be.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., December 19, 1955.

Hon. J. W. FULBRIGHT,
United States Senate.

DEAR SENATOR FULBRIGHT: In you letter to me of December 1, 1955, you raise a number of questions with regard to my responsibilities under paragraph 710 (b) (7) of the Defense Production Act of 1950, as amended by Public Law 295, 84th Congress, enacted August 9, 1955.

Our last survey under the provisions of Executive Order 10182, as amended, covered the 3 months' period ending June 30, 1955. Our practice has been to allow agencies 15 days after the close of a quarter to consolidate and send to us the information we need for such surveys. Following the receipt of this information we review the files in the agencies to obtain the additional information necessary for the report. The report itself has usually been submitted about 45 days after the close of the quarter it covers.

After the enactment of Public Law 295 amending the Defense Production Act, and requiring a report to the Joint Committee on Defense Production, as well as to the President, we were aware of the fact that an Executive order was being prepared providing guidelines from the President to the departments and agencies and also to the Civil Service Commission regarding the scope and content of such surveys. We fully expected the issuance of this Executive order in time to begin our regular survey, which would have been approximately October 15. However, the serious illness of President Eisenhower delayed the issuance of this Executive order until November 28, 1955. Although we accomplished all of the preliminary work in connection with appointments made under the provisions of the Defense Production Act, between July 1 and September 30, 1955, we were well aware that the agencies themselves, expecting an interpretation of the law in the form of an Executive order, had not complied with the reporting requirements of the law. We felt that in order to give a full and accurate picture of the situation to the President and to the joint committee, it would be necessary to delay our survey and the preparation of a report until after the issuance of the Executive order. The Executive order, which was issued on November 28, 1955, allows an additional 30 days for compliance with its reporting requirements with regard to those individuals previously appointed under Executive Order 10182, who were still on the rolls as of the date of the order. Therefore, it seemed to us that the most practicable course of action would be to allow this 30-day compliance period to elapse and then to complete our survey. This particular survey would then cover the actions taken by the agencies under the following conditions: (1) Appointments made between July 1 and August 1, 1955, under the provisions of Executive Order 10182, as amended; (2) Appointments made between August 1, 1955, the effective date of Public Law 295, and November 28, 1955, the date of issuance of Executive Order 10647; and (3) appointments made and compliance requirements met for persons on the rolls and appointed between November 28, 1955, and December 30, 1955. In view of the complicated situation that has resulted through operations during this period under two Executive orders and under the old law and amended law, we feel that the whole situation can best be presented through such a report covering the whole period.

The Executive order goes further than the law in requiring additional statements by the head of the agency supporting the four-point certification required by the law. We consider it our responsibility to see that these statements are filed and that they contain the required information. I also point out that while it is possible for us to determine what instructions agencies have issued to avoid conflict of interest and to make sure that persons serving without compensation serve in an advisory capacity only, when policy matters are involved, and to exercise some judgment as to the adequacy of these instructions, we cannot determine if such instructions have been followed, since, to do so, would entail a day-to-day review of the matters considered and the actions taken by these individuals.

I hope that I have clarified for you my position with regard to the responsibilities placed upon me by Public Law 295 and Executive Order 10647. If I may furnish you any further information, please let me know.

Sincerely,

PHILIP YOUNG, *Chairman.*

UNITED STATES SENATE,
COMMITTEE ON BANKING AND CURRENCY,
January 5, 1956.

Hon. PHILIP YOUNG,
Chairman, Civil Service Commission,
Washington, D. C.

DEAR MR. YOUNG: I have received your letter of December 19, replying to my inquiry of December 1 concerning the report which you are required by paragraph 710 (b) (7) of the Defense Production Act to make at least once every 3 months to the President and the Joint Committee on Defense Production.

I cannot, of course, accept, as an excuse for failure to make a survey and to file a report required by a statute, your position that you were awaiting the issuance of an Executive order regarding the scope and content of the surveys. While an Executive order may increase the scope of a statuory survey and report, I do not consider that you are or could be relieved from a statutory duty by the terms of an Executive order, or by any delay in issuing an Executive order.

I realize that a report by you on November 9, the day the statute required you to report, would have revealed the fact that the Department of Commerce had been making use of the amended subsection 710 (b), before the President had delegated the power to do so, and without compliance with the statutory requirements concerning publication. It was in order to provide assurance against misuse or abuse of the authority conferred by subsection 710 (b) that you were required to report to the Congress. It seems an inadequate excuse to say that you could not make a survey or report because the other agencies were not complying with the law.

In your letter you say you are planning to see that the statements of the appointing officials are filed and that they contain the desired information. In addition, I expect you will also carry out the other requirements of the Executive order, and see that the notices and statements required by the law have been executed and filed as required.

My letter was not, however, limited to this mechanical operation. I would like to know whether your surveys and reports, when you make them, will contain any independent evaluation of the sufficiency of the statements and certificates required by the act and the order, and independent evaluation of the qualifications of the appointees, and any independent report on the availability of persons on a full-time basis for the positions involved.

I should appreciate your replying to this inquiry.

I would also appreciate your advising me whether you will or will not include in your survey and report the four points made under the fifth paragraph of my letter of December 1.

Even if not submitted within the period required by law, your report may be helpful to the Congress if it concerns itself with substantive matters. If, however, the report is concerned solely with whether certain documents have or have not been filed, it will obviously have only a very limited usefulness, and will not accomplish the purposes for which Congress intended the provision.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., January 25, 1956.

Hon. J. W. FULBRIGHT,
United States Senate, Washington, D. C.

DEAR SENATOR FULBRIGHT: I have received your letter of January 5, 1956, with regard to the report which section 710 (b) (7) of the Defense Production Act requires me to make.

I regret that you do not agree as to the advisability of covering the 6-month period since the Commission's last survey in a single report. The factfinding part of the survey covering this 6-month period has been completed and the report to the President and to the Joint Committee on Defense Production is in final preparation. I am sending this report forward to the President and the joint committee today.

In connection with your specific inquiry as to whether the report will contain any independent evaluation of the sufficiency of the statements and certificates required by the act and the order, any independent evaluation of the qualifications

of the appointees, and any independent report on the availability of persons on a full-time basis for the positions involved, I can give you the following information.

The Commission survey does not question the four-point certification that the head of the employing department or agency is required to make under section 301 (a) of the Executive order. In connection with the supporting statements required by section 301 (b) of the Executive order, these statements are reviewed to assure that they cover the required points.

The survey report will specifically cover the appointments made under section 710 (b) during the period from August 1, 1955, when the new law became effective and November 28, 1955, when the new Executive order was issued. It will contain information with regard to the procedures adopted by agencies to insure compliance with paragraph 710 (b) (3). The effectiveness of such instructions will not be evaluated. The survey will cover persons appointed under section 710 (b) after August 1, 1955, whose appointments were terminated before November 28, 1955, or whose appointments were terminated before December 28, 1955, the date when filing of financial information by appointees under the subsection is required by Executive Order 10647.

The survey report, at this time, will not contain comment as to the availability of persons on a full-time salaried basis. At the present time, there are no civil-service registers for positions above grade GS–15. An examining program is being considered and if put into effect in the months ahead, the Commission will be in a much better position to advise agencies as to the availability of persons on a full-time salaried basis at these levels. Some preliminary discussions have been held with the Department of Commerce with regard to the availability of other individuals in the Government service who might be qualified for some of the positions they are now filling on a WOC basis.

The survey report will cover appointments made under the provisions of section 710 (c) of the Defense Production Act and section 101 (b) of the Executive order. These are appointments of experts and consultants at not to exceed $50 per day. In these instances, a positive determination is made as to qualifications in every case, as well as a determination as to whether the position is that of consultant or expert.

It is believed that the reports resulting from these surveys will provide useful information for both legislative and executive interests.

Sincerely,

PHILIP YOUNG, *Chairman.*

COMMITTEE ON BANKING AND CURRENCY,
UNITED STATES SENATE,
February 8, 1956.

Hon. PHILIP YOUNG,
Chairman, United States Civil Service Commission,
Washington, D. C.

DEAR MR. YOUNG: In your letter of January 25, 1956, you state that you regret that I do not agree as to the advisability of covering the 6-month period since the Commission's last survey in a single report. In my letters of December 1 and January 5, I was not questioning what you might include in a report filed at the end of January 1956.

My criticism is directed to the fact that the Defense Production Act Amendments of 1955 quite clearly require you, as Chairman of the Civil Service Commission, to survey appointments of industry paid Government employees under subsection 710 (b) of the act and to report your findings to the President and the Joint Committee on Defense Production at least once every 3 months, and you did not do so.

I do not consider that your failure to carry out the clear requirements of a statute is excused, as your letters suggest, by the fact that you were awaiting the issuance of an Executive order telling you how to carry out this statutory mandate, or by the fact that a report within the time prescribed by law would have disclosed that other agencies were not complying with the law, or by the fact that a report filed long after the statutory deadline had passed would be more complete.

I have now asked you twice whether you intend to limit your survey to the mechanical functions provided in the Executive order, or whether you intend to exercise any independent judgment about the fulfillment of the requirement.

Your letter states that your survey does not question the certification by the head of the agency, and that the supporting statements "are reviewed to assure that they cover the required points."

Your letter also states that your report will not contain any comments on the availability of persons on a full-time salaried basis, though you are considering an examining program "in the months ahead."

I gather that these statements from your letter may be taken as your reply to my question, and that the Congress cannot rely on your surveys and reports to provide us anything more than a mechanical review of the number of documents filed in connection with each employee.

The Congress assigned this duty to you, because it was considered necessary to have this exceptional appointment authority carefully supervised by an official responsible for carrying out the letter and the spirit of the civil-service laws, and anxious to protect the Government against conflicting interests on the part of employees. It appears that other methods of protecting the public interest should be sought.

In accordance with my letters of December 1 and January 5, I would appreciate the following information:

A list of the names (with the agencies involved) of all persons appointed under section 710 (b) of the Defense Production Act after August 1, 1955, who resigned or were otherwise terminated before November 28, 1955.

A list of the names (with the agencies involved) of all persons appointed under section 710 (b) (whether appointed before or after August 1, 1955) who resigned or were otherwise terminated on or after November 28, 1955, without filing the information concerning their financial interests required by paragraph 710 (b) (6) of the act.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington D. C., March 7, 1956.

Hon. J. W. FULBRIGHT,
United States Senate.

DEAR SENATOR FULBRIGHT: This letter provides you with the additional information on appointments under subsection 710 (b) of the Defense Production Act, requested in your letter of February 8, 1956, which Mr. John Macy acknowledged on February 21, 1955.

We had understood that you had been furnished a copy of our periodic survey of appointments under the authority of the Defense Production Act from among those we furnished to the Joint Committee on Defense Production. We have received information that this is not the case. A copy of our periodic survey is, therefore, attached. I regret that there has been this delay in furnishing you this information.

Your first specific request reads as follows:

"A list of the names (with the agencies involved) of all persons appointed under section 710 (b) of the Defense Production Act after August 1, 1955, who resigned or where otherwise terminated before November 28, 1955."

Our survey showed that no persons so appointed were terminated before November 28, 1955.

Your second request reads:

"A list of names (with the agencies involved) of all persons appointed under section 710 (b) (whether appointed before or after August 1, 1955) who resigned or were otherwise terminated on or after November 28, 1955, without filing the information concerning their financial interests required by section 710 (b) of the act."

Our survey showed a total of 30 such cases, 1 in the Department of the Army, and 29 in the Office of Defense Mobilization. The names of the individuals concerned follow:

ARMY

Emory M. Ford

OFFICE OF DEFENSE MOBILIZATION

Frederick J. Bell
Floyd V. Berkner
Horatio L. Bond
Ellis W. Brewster
Percy Bugbee
Nelson H. Eddy
Richard M. Emberson
L. J. Greeley
Herbert L. Hall
Forest L. Henderson
Solomon C. Hollister
Katherine G. Howard
Burnham Kelly
J. B. Horner Kuper
Otto L. Nelson
G. Stewart Paul
J. R. Rhoads
George J. Richardson
Elihu Root, Jr.
George Seltzer
Glenwood J. Sherrard
William S. Sparks
Joseph D. Stockton
Simon D. Strauss
Osgood V. Tracy
Edward H. Wasson
Elmer H. Weaver
Richard W. Wortham, Jr.
John D. Young

With regard to the 29 cases listed above, the Office of Defense Mobilization gave us the following explanation:

"There were a number of different reasons for terminations during that period, such as refusal of the employee to file, failure to file by the date required, no anticipated need for advisory services in the near future, and conclusion of the part-time assignment for which they had been employed. No attempt was made to secure financial statements from WOC's terminated prior to December 28, since the only remedy for failure to file on the due date was termination of the WOC employment. If the occasion should arise for future services of any person whose WOC appointment has been terminated, he will be required, of course, to file a statement at that time. Of the 29 separated, 20 were never in a duty status after November 28. The remaining 9 were in duty status only 1 day."

If I may be of any further assistance, please let me know.

Sincerely,

PHILLIP YOUNG, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., April 13, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR SENATOR FULBRIGHT: We have been furnished a copy of a letter of March 7, 1956, from the Chairman of the Civil Service Commission to you concerning WOC employees of this agency who were terminated on or after November 28, 1955, without filing the financial statements required by section 710 (b) of the Defense Production Act. While that letter accurately quoted our general explanation of those terminations, I would like to supply you with some supplemental information so that it will be quite clear on the record that there has been no evasion by this agency of either the spirit or the language of section 710 (b).

As indicated in our explanation to the Civil Service Commission, of the 29 employees terminated after the effective date of Executive Order 10647 20 were never in a duty status after that date and the other 9 were in a duty status for only 1 day. The 9 employees were all members of the temporary committee set up on May 9, 1955, under the chairmanship of Gen. Otto Nelson to review under current conditions the dispersion recommendations developed earlier under Project East River. This committee had completed its assignments prior to November 28 but required one additional meeting in December to wind up its activities. Terminations of the WOC appointments of its members were being prepared when the Executive order was issued.

Of the 20 WOC's who although on the roles on November 28 were not in a duty status thereafter, 15 were persons who would not have been retained in a WOC status under the new law in any event. Twelve of them were slated only

for Executive reserve assignments and had not been terminated earlier because of the imminence of the issuance of the Executive order establishing that Reserve. When it appeared that that Executive order would not be issued in time to meet the filing deadline of December 28, they were terminated. The other three WOC's in this category, like many of those slated for Executive reserve assignments, had not been called upon for advice or consultation for a long time. In these cases termination actions could have been taken at an earleir date but were delayed by the determination of the ODM Executive reserve membership.

Of the remaining 5 WOC's, 1 was merely late in filing his statement and was necessarily terminated. He was reappointed soon after. The other four did not wish to continue on a WOC basis for one reason or another. While the filing requirement may have had some bearing on their decisions it was not necessarily the controlling factor. All of the men involved had performed fine service for us and their active assignments were generally completed.

I trust that this information will clarify the record and I, of course, will be glad to supply your committee with any additional reports it may require.

Sincerely yours,

ARTHUR S. FLEMMING, *Director.*

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., April 30, 1956.

Hon. J. W. FULBRIGHT,
United States Senate.

DEAR SENATOR FULBRIGHT: In my letter to you of March 7, 1956, I listed the names of 29 individuals in the Office of Defense Mobilization appointed under section 710 (b) of the Defense Production Act who resigned or were otherwise terminated on or after November 28, 1955, without filing the information concerning their financial interests, required by section 710 (b) (6) of the act. As a part of the same letter we furnished you with an explanation of this situation which had been given to us by the Office of Defense Mobilization. So that it will be quite clear on the record that there has been no evasion by this agency of either the spirit or the language of section 710 (b), I would like to supplement our March 7 letter with the following additional information which has been given us by the Office of Defense Mobilization.

As indicated in our previous letter, of the 29 employees terminated after the effective date of E. O. 10647, 20 were never in a duty status after that date and the other 9 employees were all members of the temporary committee set up on May 9, 1955, under the chairmanship of Gen. Otto Nelson to review under current conditions the dispersion recommendations developed earlier under Project East River. This committee had completed its assignment prior to November 28 but required one additional meeting in December to wind up its activities. Terminations of the WOC appointments of its members were being prepared when the Executive order was issued.

Of the 20 WOC's who although on the roles on November 28 were not in a duty status thereafter, 15 were persons who would not have been retained in a WOC status under the new law in any event. Twelve of them were slated only for Executive Reserve assignments and had not been terminated earlier because of the imminence of the issuance of the Executive order establishing that Reserve. When it appeared that that Executive order would not be issued in time to meet the filing deadline of December 28, they were terminated. The other three WOC's in this category, like many of those slated for Executive Reserve assignments, had not been called upon for advice or consultation for a long time. In these cases termination actions could have been taken at an earlier date but were delayed by the determination of the ODM Executive Reserve membership.

Of the remaining 5 WOC's, 1 was merely late in filing his statement and was necessarily terminated. He was reappointed soon after. The other four did not wish to continue on a WOC basis for one reason or another. While the filing requirement may have had some bearing on their decisions it was not necessarily the controlling factor.

I hope the above information completely clarifies the record with regard to this situation.

Sincerely,

PHILIP YOUNG, *Chairman.*

COMMITTEE ON BANKING AND CURRENCY,
UNITED STATES SENATE,
March 13, 1956.

Hon. DOUGLAS MCKAY,
Secretary of the Interior,
Washington, D. C.

DEAR MR. MCKAY: In connection with this committee's consideration of S. 3407, the bill to extend the Defense Production Act, it would be helpful to have the following information about Mr. Lynn S. Madsen, who was appointed under section 710 (b) of the Defense Production Act as foreign petroleum analyst.

The duties of the position, preferably in the form of the job description, if this is complete and up to date, including particularly a statement as to whether these duties involve in any way the voluntary agreement in section 708 of the Defense Production Act relating to foreign petroleum supply.

A full and complete description of the efforts made prior to his appointment to find a person who would carry out the duties on a full-time salaried basis.

What instructions have been issued to Mr. Madsen to carry out the prohibition of section 710 (b) (3) on making policy decisions.

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., March 22, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

MY DEAR SENATOR FULBRIGHT: I have your letter of March 13, 1956, asking for information about Mr. Lynn S. Madsen, appointed under section 710 (b) of the Defense Production Act as foreign petroleum analyst, which would be helpful to the Committee on Banking and Currency in its consideration of S. 3407, the bill to extend the Defense Production Act.

The Petroleum Administration for Defense was terminated on April 30, 1954, and its remaining duties and responsibilities were transferred to the Office of Oil and Gas. There were serious deficiencies in detailed information on petroleum operations of foreign areas in the Office of Oil and Gas. Therefore, efforts were made to employ a full-time salaried Government employee with intimate knowledge of foreign petroleum operations, but these were unsuccessful. Then efforts were concentrated on securing a qualified individual who might be employed on a without-compensation basis. Eventually we were able to obtain the services of Mr. Madsen.

Mr. Lynn S. Madsen was appointed as foreign petroleum analyst in the Office of Oil and Gas pursuant to the provisions of section 710 (b) of the Defense Production Act. His services were made available to the Government for 1 year. He entered on duty on January 10, 1955. He resigned on January 6, 1956.

As foreign petroleum analyst, Mr. Madsen's assigned duties were to organize a foreign petroleum data reference library. He reviewed all available data and information of the Office of Oil and Gas covering every facet of the petroleum operations in foreign countries. He developed ways and means to bring such data and information up to date, keep it current, and make it readily available. This library which he established covers petroleum information on 117 foreign countries and areas.

The job to which Mr. Madsen was appointed was a nonpolicymaking position. The duties did not involve activities concerned with administration of the Voluntary Agreement Relating to Foreign Petroleum Supply or its implementing adjunct, the Foreign Petroleum Supply Committee.

With the library organized, the duty of keeping foreign petroleum data current is now the responsibility of a full-time salaried petroleum and natural gas engineer in the Office of Oil and Gas who joined the staff in January 1956.

Sincerely yours,

D. OTIS BEASLEY,
Administrative Assistant Secretary.

COMMITTEE ON BANKING AND CURRENCY,
UNITED STATES SENATE,
March 13, 1956.

Hon. SINCLAIR WEEKS,
Secretary of Commerce, Washington, D. C.

DEAR MR. WEEKS: In connection with this committee's consideration of S. 3407, the bill to extend the Defense Production Act, it would be helpful to have the following information:

1. A list of all persons appointed to operating positions (as distinguished from consultants) under section 710 (b) of the Defense Production Act since July 31, 1955, showing in each case (*a*) the position to which the appointment was made, (*b*) the private employer of the individual, (*c*) the position held with his private employer, and (*d*) the specific efforts made to find a person who might fill the position in your Department on a full-time salaried basis. A copy of the job description, showing the appointee's duties, should be given in each case.

2. The name of any of these appointees who was receiving from his private employer at the time of the appointment an annual salary less than $14,800.

3. A statement of the procedures and instructions which you have issued to carry out the prohibition of section 710 (b) (3) on the making of policy decisions by these appointees.

4. A statement of the procedures and instructions you have issued to avoid, to as great an extent as possible, any conflict between the governmental duties of these appointees and their private interests, either through passing upon or making recommendations concerning applications from or other matters directly affecting their private employers or passing upon or making recommendations concerning applications from or other matters affecting competitors of their private employers.

In order to determine how you intend to carry out the filing requirements of the 1955 Defense Production Act amendments, the following specific questions are asked:

Mr. William J. Edmunds, Jr., of the Kaiser Aluminum & Chemical Corp., was appointed Director of the Aluminum and Magnesium Division on August 15, 1955. His statement of financial interests, dated August 16, 1955, was filed on December 1, 1955. He was superseded in his position on February 13, 1956, by Mr. Irving P. MacAuley. In view of the fact that Mr. Edmunds apparently was Division Director for 2 days less than 6 months, do you intend to ask Mr. Edmunds to file a statement showing changes in his financial interests while in the position, as required under section 710 (b) (6) at the end of each succeeding 6-month period?

A number of appointees under 710 (b) have apparently served in operating positions for more than 6 months (for example, Mr. Courtlandt F. Denney, appointed as Director, Power Equipment Division, on August 15, 1955, statement dated August 18, 1955, redated November 16, 1955; Mr. George Ireland, appointed as Director, Communications Equipment Division, on August 15, 1955, statement dated August 15, 1955, redated November 16, 1955; Mr. Robert D. James appointed as Director, Forest Products Division, on July 11, 1955, statement dated November 17, 1955). I have found no statements published in the Federal Register showing changes in their financial interests. Is it your intention to require these employees to file statements at the end of 6 months of service in these positions, showing changes in their financial interests during such 6-month period? If so, when would such supplementary statements be filed?

Sincerely yours,

J. W. FULBRIGHT, *Chairman.*

THE SECRETARY OF COMMERCE,
Washington, April 17, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of March 13 requesting certain information concerning the WOC program for use in connection with the committee's consideration of S. 3407 (to extend the Defense Production Act of 1950, as amended). We are pleased to submit the following:

1. Since July 31, 1955, no persons have been appointed "without compensation" (WOC) to operating positions in the Department of Commerce (as distinguished

from consultants) under section 710 (b) of the Defense Production Act except in our Business and Defense Services Administration (BDSA). Attached as exhibit A is a list of all persons so appointed since July 31, 1955. This list shows in each case (*a*) the position to which the appointment was made, (*b*) the private employer of the individual, and (*c*) the position held with his private employer. In each case prior to approval of the appointment of the individual on a WOC basis our Office of Personnel Management endeavors to locate candidates to fill the position on a full-time salaried basis. In doing so it gives consideration to (1) employees currently employed in the Business and Defense Services Administration, (2) former employees on the Department's Reemployment Priority List, (3) applications retained in the applicant file, and (4) such other sources of likely personnel as are available and appropriate. Attached as exhibits B–1 through B–25 are copies of the job descriptions of each individual listed in exhibit A.

2. Attached as exhibit C is a table showing the private earnings of each of the individuals listed in exhibit A as indicated in form SF–57 submitted by each at the time of his appointment. For some years it has been the policy of the Department to require in general that prospective WOC's must have earned at least $10,000 per year in private employment in order to be eligible for a WOC appointment under the Defense Production Act. It was considered sufficient for the Government's administrative requirements that they be required merely to state in their appointment papers that their private earnings were in excess of $10,000 per year without disclosing their exact earnings. There is ample reason to believe, of course, that the earnings of many appointees were substantially in excess of that amount. Recently, however, we have required each WOC candidate to state that his private earnings are in excess of the Government's base rate of pay for the position to which it is proposed to appoint him. In no case, we might add, has an individual been appointed WOC to a position within the Department calling for a salary of as much as $14,800, to which you refer in your letter.

3. With respect to the prohibition against the making of policy decisions by WOC appointees as provided in section 710 (b) (3) of the act, our practices and procedures are as follows:

(*a*) When the WOC reports for duty, he is given a copy of his job description which, in each case, as will be noted from exhibits B–1 through B–25, contains the statement that the incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

(*b*) At the same time he has been given a kit of information designed to acquaint him with the programs of the Agency and the rules and regulations governing his conduct as a Government employee. Included in this kit is a copy of a memorandum from the General Counsel of the Department of Commerce dated December 1, 1955, calling attention to the 1955 amendments of the Defense Production Act, including section 710 (b) (3) (exhibit D).

(*c*) Shortly after the WOC reports for duty, a special indoctrination and orientation meeting is conducted by the Director of Administration for BDSA with each incoming WOC. At this meeting the limitation on the WOC's authority with respect to policy matters is called specifically to his attention and discussed with him. In addition, he is advised to disqualify himself with respect to any official action of the Division wherein participation by him might be considered improper or embarrassing to the Government, the Department, his company, or himself. He is also advised that he is always free to seek and obtain counsel and advice in these matters from the Administrator of BDSA or his deputy, the Director of Administration for BDSA, or members of the staff of the General Counsel of the Department of Commerce.

4. With respect to the avoidance to as great an extent as possible of any conflict between the governmental duties of these appointees and their private interests, our practices and procedures are as follows:

(*a*) For the guidance of all Assistant Administrators, Division Directors, and Deputy Division Directors of BDSA in connection with the selection of prospective appointees and processing of WOC appointments pursuant to the Defense Production Act, an interim procedure was established on December 22, 1955 (exhibit E), and distributed by memorandum of the Director of Administration, BDSA, on December 23, 1955 (exhibit F).

(*b*) Each WOC at the time he is sworn in is given (and acknowledges receipt of) a copy of the form entitled "Exemptions From Certain Conflict of Interest Statutes" (exhibit G). This form, you will note, contains not only a

statement of the statutory exemptions but also of the limitations thereon which have been imposed by statute and Executive order.

(*c*) Each incoming WOC is given a kit of information designed to acquaint him with the programs of the Agency and the rules and regulations governing his conduct as a Government employee. Included in this kit are the following which pertain to conflict of interest:

(1) Department of Commerce Order No. 77 (amended) dated August 5, 1955, entitled "Conflicts of Interest and Private Business Activities of Officers and Employees" (exhibit H).

(2) A copy of a memorandum from the General Counsel of the Department of Commerce dated December 1, 1955, calling attention to the 1955 amendments of the Defense Production Act (exhibit D). This memorandum quotes section 710 (b) (4) of the Defense Production Act, as amended.

(*d*) At the indoctrination and orientation meeting between the Director of Administration for BDSA and the newly appointed WOC, as described in 3 (*c*) above, matters of conflicts of interest, statutory exemptions, and the limitations thereon, and the application of Department Order 77 (exhibit H) are thoroughly discussed.

With respect to Messrs. Edmunds, Ireland, James, and Denney referred to in your letter, our records indicate the following dates of employment:

Name	Appointed	Terminated
Edmunds, William J., Jr	Aug. 15, 1955	Jan. 31, 1956
Ireland, George	do	Do.
James, Robert D	July 11, 1955	Do.
Denney, Courtlandt F	Aug. 15, 1955	(1)

[1] Still on duty.

We do not understand that a supplemental financial statement is required unless and until the WOC has served 6 months from the date of his appointment or from August 1, whichever is later. Accordingly, no supplemental financial statement was obetained from Messrs. Edmunds, Ireland, and James.

On March 2, 1956, the Civil Service Commission advised us that after discussion with the Attorney General it had been concluded that in the case of those WOC's who were on duty as of August 1, 1955, and were still on duty as of February 1, 1956, supplemental financial statements were required as of the latter date. This was so despite the fact that only 2 or 3 months at most had elapsed since they had filed their initial financial statements. This was contrary to our original impression that the 6 months would run from the date of their last previous filing. Nevertheless, we undertook promptly to obtain supplemental financial statements from all such individuals. Mr. Denney's supplemental statement made as of February 15, 1956, was filed on March 22, 1956 (21 F. R. 1809). Supplemental statements have been obtained from other individuals similarly situated and have been filed with the Federal Register.

I hope the foregoing information satisfactorily answers your inquiries and that it will be of assistance to the committee in its deliberations.

Sincerely yours,

SINCLAIR WEEKS,
Secretary of Commerce.

EXHIBIT A

Persons appointed to operating positions without compensation pursuant to sec. 710 (b) of the Defense Production Act since July 31, 1955

(Prepared as of Mar. 14, 1956)

Name	Position appointed to in BDSA	Private employer	Position held with private employer
Burley, John V	Director, Iron and Steel Division.	Republic Steel Corp., Cleveland, Ohio.	Assistant general manager of sales.
Crosby, Joseph P	Director, Metalworking Equipment Division.	Lapointe Machine Tool Co., Hudson, Mass.	Vice president.
Cross, John L	Director, Electrical Equipment Division.	Westinghouse Electric Corp., Sharon, Pa.	Manager, power equipment sales, transformer division.

Persons appointed to operating positions without compensation pursuant to sec. 710 (b) of the Defense Production Act since July 31, 1955—Continued

Name	Position appointed to in BDSA	Private employer	Position held with private employer
Denney, Courtlandt F	Director, Power Equipment Division.	Foster Wheeler Corp., 165 Broadway, New York, N. Y.	Executive assistant to vice president.
Dueringer, Wilbur F	----do----	Allis-Chalmers Manufacturing Co., Milwaukee, Wis.	Engineer in charge of sales of steam turbines.
Edmunds, William J., Jr	Director, Aluminum and Magnesium Division.	Kaiser Aluminum and Chemical Corp., Oakland, Calif.	Metal control manager.
Fowles, George A	Director, Chemical and Rubber Division.	B. F. Goodrich Chemical Co., Cleveland, Ohio.	Manager, plastic materials sales.
Frazza, Louis F	Director, Water and Sewerage Industry and Utilities Division.	Johns-Manville Sales Corp., New York, N. Y.	Manager, direct sales, pipe division.
Gibbs, Lewis T	Chief, Carbon and Alloy Semifinished Rail, Structural, Bars, Wire and Forgings Branch, Iron and Steel Division.	U. S. Steel Corp., Pittsburgh 30, Pa.	Assistant manager, high-strength steel sales.
Halderman, Lawrence J	Director, General Compouents Division.	Timken Roller Bearing Co., Los Angeles, Calif.	Branch manager.
Ireland, George	Director, Communications Equipment Division.	Bell Telephone Company of Penusylvania, Philadelphia, Pa.	General commercial manager.
Jones, William J	Director, Automotive Division.	Chrysler Corp., Detroit, Mich.	Assistant general production manager.
Krohn, Gilbert H	Chief, Stainless, Hi-Temp, Alloy and Tool Steel Branch, Iron and Steel Division.	Babcock & Wilcox Co., Chicago, Ill.	Sales representative, tubular products division.
Macauley, Irving P	Director, Aluminum and Magnesium Division.	Reynolds Metal Co., New York, N. Y.	Vice president, executive sales.
Martin, Roger H	Chief, Carbon and Alloy Flat Rolled and Tubular Products Branch, Iron and Steel Division.	Jones & Laughlin Steel Corp., Pittsburgh 30, Pa.	Assistant manager, tubular products.
Martin, Terry B	Director, Electrical Equipment Division.	Square D Co., Milwaukee, Wis.	Standards engineer.
Merliss, Frederick A	Deputy Director, Aluminum and Magnesium Division.	United Smelting & Aluminum Co., Inc., New Haven, Conn.	General superintendent.
Pommer, Clifford G	Director, Shipbuilding, Railroad, Ordnance, and Aircraft Division.	General Electric Co., Schenectady, N. Y.	Manager, marketing, Schenectady aeronautic and ordnance systems department.
Reed, R. Chester	Deputy Director, Containers and Packaging Division.	The Texas Co., New York, N. Y.	Supervisor, packages and shipping division.
Sandston, William L	Chief, Business Research and Analysis Branch, Iron and Steel Division.	Armco Steel Corp., Middletown, Ohio.	Economic analyst.
Seeley, Clarence W	Director, Copper Division.	Scovill Manufacturing Co., Waterbury, Conn.	District sales manager.
Stuart, Charles M	Director, General Industrial Equipment Division.	Carrier Corp., Syracuse, N. Y.	Assistant to executive vice president.
Van Rensselaer, Cortlandt	Deputy Director, Scientific Motion Picture, and Photographic Products Division.	Hewlett-Packard Co., Palo Alto, Calif.	Assitant sales manager.
Waindle, Roger F	Chief, Castings Branch, Iron and Steel Division.	Consolidated Foundries & Manufacturing Co., Boston, Mass.	Vice president.
Williams, Robert E	Director, Communications, Equipment Division.	Automatic Electric Co., Chicago, Ill.	Staff representative.

(Certain portions of the standard forms S. F. No. 75 have been omitted)

EXHIBIT B-1

JOHN V. BURLEY, DIRECTOR, IRON AND STEEL DIVISION

[Standard Form No. 75, February 1946]

United States Civil Service Commission—Position description

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with Section 710 (b) of the Defense Production Act of 1950, and Section 101 (a) of E. O. 10182.

b. Department, agency, or establishment: Director, Iron and Steel Division. Class, series: WOC.

c. Bureau: Director, Iron and Steel Division. Class, series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those of positions allocated to GS–17 under the Classification Act of 1949.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Iron and Steel Division is responsible for administering the Business and Defense Services program with special reference to iron and steel products, ferro-alloys, forgings, and castings.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Steel.*—Under the Defense Materials System, the Division is responsible for insuring the requirements of the military and Atomic Energy programs. Under Order M–1A, the Division is responsible for the issuance of set-asides and directives on the production of specified quantities of types, sizes, shapes, and forms of steel to meet defense requirements. In addition the Division will issue priorities and directives, wherever such may be needed and requested by the Military Establishments and Atomic Energy Commission, to insure that production and delivery of military and AEC requirements are met on schedule.

2. The Division is also responsible for the following materials: Pig iron, scrap, steel forgings, steel castings, boron, calcium, chromium, cobalt, columbium, manganese, molybdenum, nickel, silicon, tantalum, titanium ore, tungsten, vanadium, zirconium, and basic refractories.

3. *Stockpiling and conservation.*—This involves making recommendations on iron and particularly nickel and ferro-alloy stockpiling and conservation policies and operations. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

4. *Mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the Free World. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial production and/or materials controls on the economy for defense purposes.

5. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. In connection with the iron and steel industries, such program involves pointing up specific measures which should be taken with these especially

critical and vulnerable industries and serving as a clearinghouse for ideas within the industries. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

6. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for the iron and steel industries within Government and advising the Administrator and the Secretary of Commerce, on policies and actions for carrying out the Department's programs. It involves participating with the iron and steel industry, and the Industry Advisory Committee, in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; publishing industry information useful to business and general public; and representing and assisting industry in its relations with other Department and agencies of Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the metals area. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contracts

The incumbent should have a broad industry background with intimate knowledge of the problems of the steel industry and related industries. He establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the steel industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of the industry. Contacts are for the purpose of keeping informed on the latest developments and trends in steel and related fields, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies' programs.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Division Director positions within BDSA allocated to industry specialist, GS–1150–17.

EXHIBIT B–2

JOSEPH P. CROSBY, DIRECTOR, METALWORKING EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission. Established in accordance with section 710 (b) of the Defense Production Act of 1950, as extended, and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Director, Metalworking Equipment Division. Class, series: WOC.

c. Bureau: Director, Metalworking Equipment Division. Class, series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those of positions allocated to GS–17 under the Classification Act of 1949.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the preparation of position descriptions, standard form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Metalworking Equipment Division is responsible for administering the Business and Defense Services Administration program with special reference to industrial segments falling under the Metalworking Equipment Division.

Duties

The Director is responsible for the organization as well as operating plans, recommendations and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

Duties:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes and sizes of the controlled materials and production equipment and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *Administration of BDSA Order M–41—Delivery of metalworking machines.*—This order regulates the delivery of metalworking machines pursuant to rated orders. It requires all producers to schedule their deliveries pursuant to such orders in accordance with the provisions of this order. It requires establishment of delivery schedules to maximize production and effectively distribute tools according to established military preference lists. Diversions of and directives for machine tools are limited to orders sponsored by the Atomic Energy Commission and the Department of Defense.

3. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event if is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

4. *The postattack program.*—This is a program for assisting industry advisory committee and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries, and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities: for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

5. *Stockpiling and conservation.*—This involves making recommendations on policies and operations based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

6. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and

abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and programs; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing data useful to business in expanding markets at home and abroad; publishing information useful to business and the general public; and representing the assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director of the Metalworking Equipment Division serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of Government and industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems, or gaining their concurrence in proposed actions that are vital and important to the defense program.

NOTE.—This position is in lieu of a full-time Classification Act position which would be comparable to other Division Direct positions within BDSA allocated to industrial specialist, GS–1150–17.

EXHIBIT B–3

JOHN L. CROSS, DIRECTOR, ELECTRICAL EQUIPMENT DIVISION

Allocation by: b. Department, agency, or establishment: Director, Electrical Equipment Division. Class, series: WOC.

c. Bureau: Director, Electrical Equipment Division. Class, series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those of positions allocated to GS–17 under the Classification Act of 1949.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the preparation of position description. Standard form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Electrical Equipment Division is responsible for administering the Business and Defense Services Administration program with special reference to the electrical equipment industry area, which includes equipment such as special meters for aircraft, AN connectors, and marine fittings, electrical components for machine tools and general industrial equipment, transformers, switch gear, large motors, and other equipment used in the generation, transmission, and distribution of electrical energy.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials

and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) Studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (c) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time career employees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the Agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the wide variation between industries and their manufacturing practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating Divison Directors

from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personnel work contacts

The incumbent establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the electrical equipment industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of manufacturing and construction industries. Contacts are for the purpose of keeping informed on the latest developments and trends in the electrical equipment industry field, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies' programs.

EXHIBIT B–4

COURTLANDT F. DENNEY, DIRECTOR, POWER EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission. Class, title or position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Director, Power Equipment. Class, series: WOC.

c. Bureau: Director, Power Equipment. Class, series: WOC.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Power Equipment Division is responsible for administering the Business and Defense Services program with special reference to boilers, turbines, and other power equipment.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directives the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The post attack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply, and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on productions, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirement of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the Agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the side variation between industries and their manufacturing practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating Division Directors from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of government, industry, trade associations, and the technical and trade press for the power-equipment industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of manufacturing and construction industries. Contacts are for the purpose of keeping informed on the latest developments and trends in the power-equipment-industry field, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies programs.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Division Director positions within BDSA allocated to Industry Specialist GS–1150–17.

EXHIBIT B–5

WILBUR F. DUERINGER, DIRECTOR, POWER EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Director, Power Equipment. Class, series: WOC.

c. Bureau: Director, Power Equipment. Class, series: WOC.

16. Description of duities and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Description, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Power Equipment Division is responsible for administering the business and defense services program with special reference to boilers, turbines, and other power equipment.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directives the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needeed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearing house for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply, and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and

abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on productions, sales, and inventories; developing in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the side variation between industries and their manufacturing practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating division directors from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the power-equipment industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protectng the economy of manufacturing and construction industries. Contacts are for the purpose of keeping informed on the latest developments and trends in the power-equipment industry field, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies programs.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other division-director positions within BDSA allocated to industry specialist GS–1150–17.

EXHIBIT B–6

WILLIAM J. EDMUNDS, JR., DIRECTOR, ALUMINUM AND MAGNESIUM DIVISION

Allocation by: (*a*) Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

(*b*) Department, agency, or establishment: Director, Aluminum and Magnesium Division. Class, series: WOC.

(*c*) Bureau: Director, Aluminum and Magnesium Division. Class, series: WOC.

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Aluminum and Magnesium Division is responsible for administering the Business and Defense Services Administration program with special reference to aluminum and aluminum products and magesium.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken, if necessary, to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of critical materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be otherwise satisfied.

2. *Administration of the defense materials system for aluminum.*—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military production impact equitably over affected industries. Under this system the Division is responsible for the issuance (through M–5A, Materials Order for Aluminum) of set-asides and directives on the production of specified quantities of shapes and forms of aluminum to meet defense requirements. This involves prescribing for each mill for each month, the tonnage of each shape to be reserved for military and Atomic Energy Commission orders. DMS also involves the issuance of priorities and directives, wherever such may be needed and requested by the Military Establishment and Atomic Energy Commission, to insure that production and delivery of military and Atomic Energy Commission requirements are met on schedule.

3. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) Studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identifications, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

4. *The post-attack program.*—This is a program for assisting Industry Advisory Committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries, and serving as a clearing house for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

5. *Stockpiling and conservation.*—This involves making recommendations on policies and operations based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

6. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and

industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing information useful to business and the general public; and representing the assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director of the Aluminum and Magnesium Division serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of Government and industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems, or gaining their concurrence in proposed actions that are vital and important to the defense program.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other deputy director positions within BDSA allocated to industrial specialist, CS–1150–16.

EXHIBIT B–7

GEORGE A. FOWLES, DIRECTOR, CHEMICAL AND RUBBER DIVISION

Allocation by: (*a*) Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act of 1950, as extended, and section 101 (a) of Executive Order 10647.

(*b*) Department, agency, or establishment: Director, Chemical and Rubber Division. Class series: WOC.

(*c*) Bureau: Director, Chemical and Rubber Division. Class series: WOC.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Chemical and Rubber Division is responsible for administering the BDSA programs which pertain to chemicals and rubber.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collabor-

ation with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting Industry Advisory Committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance and judgments on industry affairs, and working closely with industry and industry associations in representing business in Goverment. It involves providing information to business on production, sales, and inventories; developing in conjunction with business and other Government agencies statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

6. *Special provisions for continuation of collection of rubber statistics.*—The collection of monthly statistics of the United States rubber supply-demand, by type of rubber, authorized by the Bureau of the Budget (with the May 1, 1955, termination of the Rubber Act of 1948, as amended) under the authority of section 10 of the Rubber Producing Facilities Disposal Act of 1953, are compiled and published for the guidance of the Government and private business.

Scope and effect of work

The Chemical and Rubber Division serves the important field of chemicals, natural and synthetic rubber, and products made from these, including such essential items as pharmaceuticals, fertilizers, paints, plastic materials, tires and tubes, mechanical and medical rubber goods.

In 1950, shipments of the chemical and allied products industries amounted to approximately $16 billion and of rubber and rubber products approximately $5 billion. In 1952, the estimated sales of the chemical industry were approximately $18.5 billion, while those for the rubber industry approximated $5.5 billion.

Expansions to meet increased defense needs and growing civilian demand planned for the period 1951 through 1955 amount to approximately $6 billion for the chemical industry and $1 billion for the rubber industry. Of these expansions, approximately $3 billion for chemicals and $115 million for rubber were aided by accelerated tax amortization. During the current emergency the chemical industry's expansion is estimated as 55 percent over the 1950 period.

Supervision and guidance received

The Director serves under the broad general direction of the BDSA Administrator. The Director is expected to exercise initiative and judgment in deter-

mining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to his work are seldom received. His guides are legislation, budget limitations and express or implied policies of the Agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of the Government and the industry. The contacts are for the purpose of persuading them to provide assistance in the solution of problems or gaining their concurrence in proposed actions that are vital and important to the Agency's programs.

Job requirements

It is prerequisite to the performance of the duties of this position that the incumbent have, in addition to a sound background of technical training, a recency of industrial experience which will enable him to deal effectively with industry in connection with the latest developments in chemical terminology, production methods, and distribution practices, which have undergone sweeping changes in recent years.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Division Director positions within BDSA allocated to industrial specialist GS–1150–17.

EXHIBIT B–8

LOUIS F. FRAZZA, DIRECTOR, WATER AND SEWERAGE INDUSTRY AND UTILITIES DIVISION

b. Department, agency, or establishment: Director, Water and Sewerage Industry and Utilities Division. Class, series: WOC.

c. Bureau: Director, Water and Sewerage Industry and Utilities Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Water and Sewerage Industry and Utilities Division is responsible for administering the Business and Defense Services Administration program with special reference to ground and surface water supply, transmission, pumping, treatment, storage, and distribution for domestic and industrial use; and domestic and industrial liquid wastes (sewage collection, transmission, pumping, treatment, and disposal).

Duties

The Director is responsible for establishing the program and operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall be limited, when policy matters are involved, to advising appropriate full-time salaries Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This refers to action which may be taken, if necessary, to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be otherwise satisfied.

2. *Participation in the defense materials system.*—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military production impact equitably over affected industries. Under this system the Division is responsible for making recommendations on necessity for expansion of water and sewerage facilities for direct service to

military establishments, and recommendations on the need for special assistance for the procurement of particular items of materials and equipment for water and sewerage facilities when owned and operated by the military, or nonmilitary when in direct support of the military.

3. *The mobitization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

4. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries, and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

5. *Stockpiting and conservation.*—This involves making recommendations on policies and operations based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

6. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries in Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs, and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing information useful to business and the general public; and representing the assisting industry in its relations with other Departments and agencies of the Government.

Supervision and guidance received

The Director of the Water and Sewerage Industry and Utilities Division serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining which projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of Government and industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems or gaining their concurrence in proposed actions that are vital and important to the defense program.

Scope and effect of work

United States industrial and metropolitan growth has been based upon the economic availability of water. The war-important industries are more especially heavy users of water, as illustrated by an increase in industrial water usage of about 20 percent at the peak of World War II as compared with 1940. Unlike other key industries and utilities which through a few large companies represent the major production of the United States, this field is composed of a large number of small companies, including some 28,747 waterworks and sewerage utilities and some 12,000 privately owned waterworks. The present investment in water-supply facilities, including municipal and industrial, is in the neighborhood of $25 billion; liquid waste disposal facilities, municipal and industrial, represent a capital investment of over $15 billion. New developments, industrial and residential, have quadrupled the use of water since 1900, during which period our population doubled. Thus, this industry has a heavy annual claim against the total steel and copper supply of the Nation.

EXHIBIT B–9

LEWIS T. GIBBS, CHIEF, CARBON AND ALLOY SEMIFINISHED RAIL, STRUCTURAL, BARS, WIRE, AND FORGINGS BRANCH, IRON AND STEEL DIVISION

Allocation by: a. Civil Service Commission. Class title or position: Established in accordance with section 710 (b) of the Defense Production Act of 1950 and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Chief, Carbon and Alloy Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch. Class, series: WOC.

c. Bureau: Chief, Carbon and Alloy Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch. Class, series: WOC.

d. Field office: Duties and responsibilities comparable to those established under the Classification Act of 1949.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Iron and Steel Division of BDSA is responsible for:

1. Defense Production Activities:
   a. Administration of defense materials system.
   b. Raw materials and refractories.
   c. Facilities and construction.
   d. Maintenance, repair, and operating supplies.
   e. Recommendations on tax amortization and loans.
   f. Recommendations on expansion goals.
   g. Recommendations on stockpiling and conservation.
2. Mobilization preparedness activities:
   a. Develop information on supply and demand for materials and products under its jurisdiction.
   b. Develop appropriate orders and regulations covering control of steel production and conservation of scarce materials.
   c. Identify postattack problems and develop plans for correction of undue concentration, protection from enemy attack, and use of alternative sources.
3. Business service activities:
   a. Interagency.
   b. Congressional.
   c. Public.
   d. Foreign trade.
   e. Domestic trade.

The incumbent serves as Chief of the Carbon and Alloy Semifinished, Rail, Structural, Bar, Wire and Forgings Branch, which is responsible for:

1. Administration of Defense Materials System, which requires:
   a. Establishment of a monthly set-aside of each steel-mill product, by grade, sufficient to meet the needs of Defense Department and Atomic Energy Commission programs.

b. Distribution of this load among the various producers on a generally fair and equitable basis.

c. Initiation of spot directives, if special action is necessary.

2. Develop information on potential supply of any product, if stated requirements for complete mobilization indicate a probable shortage.

3. Maintain active liaison with appropriate Government agencies and individual steel producers.

4. Maintain the nucleus of an organization capable of being rapidly expanded in case of emergency.

Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaries Government officials who are responsible for making policy decisions.

Duties

The incumbent assumes the responsibility, direction, and supervision of four industrial specialists (iron and steel) and a secretary in handling the following steel products, both carbon and alloy: Semifinished; bars, hot rolled and cold drawn; reinforcing bars; shell steel—billets and bars; wire and wire products; forgings; structural shapes; and rails and accessories.

The primary duties of the incumbent are:

1. Act in an advisory capacity to the Production Directive Committe and aid them in the regulation of production of the above listed products with the steel industry through the medium of production directives.

2. Initiate allocation directives for further converter producers for:

a. Nonintegrated cold drawers producing cold finished bars.

b. Nonintegrated tube manufacturers.

c. Nonintegrated pipe manufacturers.

d. Nonintegrated rolling mills.

3. Review and recommend for approval or denial spot directive requests from all claimant agencies where above products are involved.

4. An important responsibility of the Branch is the processing of form No. 148, which was sponsored by the Administrator of HDSA as a means of assisting holders of Government orders in placing their requirements with the mills. This requires much time and consideration in analysis of each case by product, by grade, by geographical area, both production and consumption, and must be related to the overall supply problem for all products handled by this Branch.

5. Expedite and assist on urgent Department of Defense and AEC problems and assist other Division of BDSA to obtain the above products for programed requirements.

6. Continually investigate new sources of supply for our products. For example, we are now making an extremely important study urgently requested by the ODM on the availability of quality bars 1½ inches in diameter and larger which are in critical short supply and are being used in large quantities by the Department of Defense.

7. Serves as Government presiding officer at Industry Advisory Committee meetings to represent the above products, except forgings.

8. Attend staff meetings, claimant agency meetings, ODM and BDSA division meetings where necessary.

9. The Chief of this Branch is responsible for the supervision of the Branch's personnel in such a manner as to promote the most efficient operation of each individual and of the Branch as a whole. Inefficiency and other major personnel problems are to be discussed with the Director.

Supervision and guidance received

The incumbent receives general supervision and guidance from the Office of the Director. He is given wide latitude for the exercise of independent judgment in performing his duties.

Personal work contacts

Numerous contacts are made daily with operating executives of steel-producing and steel-consuming industries and high-ranking Government officials. The incumbent attends committee meetings with ODM, Department of Defense, and industry advisory groups, and acts as Government presiding officer where appropriate.

Scope and effect of work

This Branch handles and is responsible for all products listed in section B above covering a broad field of iron and steel industry production

The Chief is responsible for the review of all BDSA 100 forms monthly, and the recording of pertinent information listed and submitted thereby from individual steel producers as they relate to above-mentioned products.

Job requirements

The incumbent of this position must have recent broad and progressively responsible experience in the iron and steel industry in the field of one or more products for which the Branch is responsible such as would be obtained only in a high-level position in the iron and steel and related industries. Such experience must have provided an intimate knowledge of production, distribution, technological developments as applied to various facilities. He must be acquainted with the interchangeability of production facilities of a very complex industry. Such knowledge will permit him to intelligently handle problems that arise, such as making appropriate recommendations with respect to set-asides for items in short supply, in accordance with statutory limitations on his authority.

NOTE.—This position is in lieu of a full-time classification position which would be comparable to other commodity-industry analyst positions within BDSA allocated to GS–1151–15.

EXHIBIT B–10

LAWRENCE J. HALDERMAN, DIRECTOR, GENERAL COMPONENTS DIVISION

b. Department, agency, or establishment: Director, General Components Division. Class, series: WOC.

c. Bureau: Director, General Components Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A.):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the General Components Division is responsible for administering the Business and Defense Services program pertaining to such components as valves, antifriction bearings, industrial fastener, hand tools, industrial specialties, mechanical power transmission equipment—including gears, torque converters, clutches, etc.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes and sizes of controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (a) studies and investigations, in collaboration with other Government agencies and with industry to determine the productive potential of industry to meet all-out mobilization requirements; (b) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (c) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career em-

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ployees); and (d) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply, and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on productions, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

EXHIBIT B–11

GEORGE IRELAND, DIRECTOR, COMMUNICATIONS EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Director, Communications Division. Class, series: WOC.

c. Bureau: Director, Communications Division. Class, series: WOC.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisers for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Communications Division is responsible for administering the Business and Defense Services programs as they pertain to the communications manufacturing, and operating industries (including radio, telephone and telegraph industries).

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the de-

livery of specified quantities of types, shapes and sizes of the three controlled materials and provide for means to give preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness programs.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involved: (a) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (b) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (c) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (d) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program designed to foster, promote and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales and inventories; developing in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of the Government and the industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems or gaining their concurrence in proposed actions that are vital and important to the defense program.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other division director positions within BDSA allocated to industry specialist GS–1150–17.

EXHIBIT B–12

WILLIAM J. JONES, DIRECTOR, AUTOMOTIVE DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act of 1950 and section 101 (a) of Executive Order 10182.

b. Department, agency, or establishment: Director, Automotive Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

Introduction

The Director of the Automotive Division directs the performance of all defense functions of the agency that pertain to the automotive industry area which includes automotive equipment, materials, products, and accessories, a $20 billion industry.

Duties

The Director is responsible for the administration and direction of the following defense activities of the agency as they pertain to the automotive industry. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

1. *Defense materials system.*—This system is designed to provide assured and prompt fulfillment of all military and AEC production and construction requirements. It operates through the techniques of authorized control material orders, priorities and directives. ACM orders apply to the three controlled materials, steel, copper and aluminum in specified forms and shapes. The priority and directive system complements the regulations as to controlled materials in relation to substantially all other industrial requirements.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (a) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all deficiencies in industrial capacity that will be needed in time of emergency; (b) preparation of standby orders for mobilization of the automotive industry; (c) recommendations for tax amortization and loans and determination of goals to meet mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (d) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committee and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearing house for ideas within the industries under the jurisdiction of the division. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with consideration to the effect on defense and civilian production and the stability of the industry.

Supervision and guidance received

The Director of the Automotive Division serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator. The Director is expected to exercise initiative and judgment in determining what defense projects should be undertaken, how they would be organized and the propriety of the work.

Scope and effect of work

The Automotive Division constitutes a major organizatoin within the agency having broad responsibilities and authority for devising, implementing, and administering approved programs as they pertain to the various segments of the automotive industries, products and materials under its jurisdiction. The Division represents the largest industry in the Nation, manufacturing products with sales in excess of $20 billion annually and is recognized as the bellwether of the United States economy, and serves as a focal point for the industry with Government, keeping the Secretary of Commerce fully informed of the industry's views on all defense matters.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of its problems. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the automoive industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists are primary responsibilities of this position. Contacts are for the purpose of keeping informed in the latest developments in the automotive industry field and gaining concurrence in proposed actions that are vital to the agency's defense programs.

EXHIBIT B–13

GILBERT H. KROHN, CHIEF, STAINLESS, HI-TEMP, ALLOY AND TOOL STEEL BRANCH, IRON AND STEEL DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of E.O. 10182.

b. Department, agency, or establishment: Chief, Stainless, Hi-Temperature Alloy and Tool Steel Branch. Class, series WOC.

c. Bureau: Chief, Stainless, Hi-Temperature Alloy and Tool Steel Branch. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the preparation of position descriptions, standard form No. 75A):

NATURE AND PURPOSES OF WORK

Introduction

The incumbent serves as Chief of the Stainless Steel, Hi-Temperature Alloys and Tool Steel Branch which is responsible for:

1. Administration of defense materials system, which requires:
   a. Establishment of a monthly set-aside of each steel mill product, by grade, sufficient to meet the needs of Defense Department and Atomic Energy Commission programs.
   b. Distribution of this load among the various producers on a generally fair and equitable basis.
   c. Initiation of spot directives, if special action is necessary.
2. Develop information on potential supply of any product, if stated requirements for complete mobilization indicate a probable shortage.
3. Maintain active liaison with appropriate Government agencies and individual steel producers.
4. Maintain the nucleus of an organization capable of being rapidly expanded in case of emergency.

Has responsibility, direction, and supervision of one industrial specialist (iron and steel) and a secretary in handling steel-mill products in the following types and grades: Stainless; high-temperature alloys (jet engines); tool steels.

Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Duties

The primary duties of the incumbent are:

1. The administration of BDSA orders or regulations presently in effect or that may be issued in the future that would govern the manufacture, usage, or distribution of stainless, hi-temperature alloys, and tool steels.

2. Recommends the establishment of production and allocation directives on the producing mills where necessary.

3. Is responsible for the application of spot directives when special assistance is required to meet unusual defense needs.

4. Acts as Government presiding officer at Stainless, Hi-Temp, Alloys, and Tool Steel Industry Advisory Committee meetings.

5. Represents the Division in meetings with other Government agencies or groups on requirements for any specific military or AEC programs, present or future.

6. Acts as liaison between Government and the steel industry. He should keep the Director of the Iron and Steel Division informed of mill conditions, effect of production directives, spot directives, etc. He should, where permissible, inform the steel industry of the plans of Government agencies that may affect the future production of stainless, hi-temperature alloys, and tool steels. For example—due to long manufacturing lead time, the sooner the mills can be prepared for the impact of the Air Corps requirements for hi-temperature alloy or stainless steels the more orderly can they be in the fulfillment of these requirements.

7. The Chief of the Branch is responsible for the supervision of the Branch's personnel in such a manner as to promote the most efficient operation of each individual and of the Branch as a whole. Inefficiency and other major personnel problems are to be discussed with the Director.

Supervision and guidance received

Receives general supervision and guidance from the Office of the Director.

Personal work contacts

Numerous contacts are made daily with operating executives of steel-producing and steel-consuming industries and high-ranking Government officials. Attends committee meetings with ODM, Department of Defense, and industry advisory groups, and acts as Government presiding officer where appropriate.

Scope and effect of work

This Branch handles and is responsible for all stainless, high-temperature alloy and tool steel products, representing a broad field of iron and steel industry production.

The Chief is responsible for the review of all BDSA 100 forms monthly, and the recording of pertinent information listed and submitted thereby from individual steel producers as they relate to above-mentioned products.

Job requirements

The Chief of the Branch must have many years of diversified experience in the special alloy steel business. He must have knowledge of mill practices, production cycles, and distribution, which is very important toward the proper fulfillment of this position.

Of event greater importance in his broad knowledge of the users of stainless, hi-temperature alloys and tool steels. Knowledge of the proper application of these alloys, fabricating problems arising in their usage in the field, an understanding of the characteristics of alloys and ability to substitute one for another in many applications is a prime requisite.

The policy of rotating Branch Chiefs from industry on a WOC basis, makes it desirable to select men who are able quickly to grasp new concepts and to apply previous experience to entirely new situations. Also, the incumbent should have the respect and confidence of the steel industry.

Recency of industry experience is a prerequisite due to the sweeping changes in production methods, distribution practices, and technology in recent years.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other commodity-industry analyst positions within BDSA allocated to GS–1151–15.

EXHIBIT B–14

IRVING P. MACAULEY, DIRECTOR, ALUMINUM AND MAGNESIUM DIVISION

Allocation by: (*a*) Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of EO 10647.

(*b*) Department, agency, or establishment: Director, Aluminum and Magnesium Division. Class, series: WOC.

(*c*) Bureau: Director, Aluminum and Magnesium Division. Class, series: WOC.

(*d*) Field office.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Aluminum and Magnesium Division is responsible for administering the Business and Defense Services Administration program with special reference to aluminum and aluminum products and magnesium.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken, if necessary, to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of critical materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be otherwise satisfied.

2. *Administration of the defense materials system for aluminum.*—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military production impact equitably over affected industries. Under this system the Division is responsible for the issuance (through M–5A, Materials Order for Aluminum) of set-asides and directives on the production of specified quantities of shapes and forms of aluminum to meet defense requirements. This involves prescribing for each mill for each month, the tonnage of each shape to be reserved for military and Atomic Energy Commission orders. DMS also involves the issuance of priorities and directives, wherever such may be needed and requested by the Military Establishment and Atomic Energy Commission, to insure that production and delivery of military and Atomic Energy Commission requirements are met on schedule.

3. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) Studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career em-

ployees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

4. *The post-attack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries, and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

5. *Stockpiling and conservation.*—This involves making recommendations on policies and operations based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

6. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Goverment and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing information useful to business and the general public; and representing the assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director of the Aluminum and Magnesium Division serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of Government and industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems, or gaining their concurrence in proposed actions that are vital and important to the defense program.

NOTE.—This WOC positions is in lieu of a full-time Classification Act position which would be comparable to other Deputy Director positions within BDSA allocated to industrial specialist, GS–1150–16.

EXHIBIT B–15

ROGER H. MARTIN, CHIEF, CARBON AND ALLOY FLAT ROLLED AND TUBULAR PRODUCTS BRANCH, IRON AND STEEL DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act of 1950, and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Chief, Carbon and Alloy Flat Rolled and Tubular Branch. Class, series: WOC.

c. Bureau: Chief, Carbon and Alloy Flat Rolled and Tubular Branch. Class, series: WOC.

d. Field office: Duties and responsibilities comparable to those established under the Classification Act of 1949.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Iron and Steel Division of BDSA is responsible for:

1. Defense production activities.
   a. Administration of defense materials system.
   b. Raw materials and refractories.
   c. Facilities and construction.
   d. Maintenance, repair, and operating supplies.
   e. Recommendations on tax amortization and loans.
   f. Recommendations on expansion goals.
   g. Recommendations on stockpiling and conservation.
2. Mobilization preparedness activities.
   a. Develop information on supply and demand for materials and products under its jurisdiction.
   b. Develop appropriate orders and regulations covering control of steel production and conservation of scarce materials.
   c. Identify postattack problems and develop plans for correction of undue concentration, protection from enemy attack, and use of alternative sources.
3. Business service activities
   a. Interagency
   b. Congressional
   c. Public
   d. Foreign trade
   e. Domestic trade

The incumbent serves as Chief of the Carbon and Alloy Flat Rolled and Tubular Branch, which is responsible for:

1. Administration of defense materials system, which requires:
   a. Establishment of a monthly set-aside of each steel mill product, by grade, sufficient to meet the needs of Defense Department and Atomic Energy Commission programs.
   b. Distribution of this load among the various producers on a generally fair and equitable basis.
   c. Initiation of spot directives, if special action is necessary.
2. Develop information on potential supply of any product, if stated requirements for complete mobilization indicate a probable shortage.
3. Maintain the nucleus of an organization capable of being rapidly expanded in case of emergency.
4. Maintain active liaison with appropriate Government agencies and individual steel producers.

Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Incumbent assumes the responsibility, direction, and supervision of industrial specialists (iron and steel) and a secretary in handling the following steel mill products, both carbon and alloy: hot- and cold-rolled plates; hot- and cold-rolled sheets; hot- and cold-rolled strip; tin mill products; electrical sheets; seamless and welded pipe; and seamless and welded tubing.

Duties

1. Act in an advisory capacity to the Production Directive Committee and aid it in the regulation of production of the above listed products with the steel industry through the medium of production directives.
2. Initiate allocation directives for further converter producers for:
   a. Nonintegrated cold drawers of wide flats.
   b. Nonintegrated welded pipe manufacturers.
   c. Nonintegrated welded tube manufacturers.
   d. Redrawers of seamless or welded tubing.
3. Review and recommend for approval or denial spot directive requests from all claimant agencies where above products are involved.
4. An important responsibility of the Branch is the processing of form NPAF–138 (BDSA–138) which was sponsored by the Administrator of BDSA

as a means of assisting holders of Government orders in placing their requirements with the mills. This requires much time and consideration in analysis of each case, by product, by grade, by geographical area, both production and consumption and must be related to the overall supply problem for all products handled by this Branch.

5. Expedite and assist on urgent Department of Defense and Atomic Energy Commission problems and assist other divisions of BDSA to obtain the above products for programed requirements.

6. Attend meetings and help the Director to work out solutions to problems involving other agencies. An instance of this nature was the handling of the Alaskan pipeline project which involved more than 40,000 tons of 8 5/6-inch seamless line pipe. Incumbent took the known production capacities and assigned percentages to each mill, making allowances for other projects of the mills. He then persuaded the mills to accept the orders and issued the necessary production directives.

7. Attend industry advisory committee meetings to represent the above products. At the big committee, represents his products, advising on conditions in his industry, and answering any questions that may come up on his commodities. Acts as Government presiding officer at smaller industry advisory committee meetings which are directly concerned with the products in his field.

8. Attend staff meetings, claimant agency meetings, ODM and BDSA division meetings where necessary.

9. The Chief of this Branch is responsible for the supervision of the Branch's personnel in such a manner as to promote the most efficient operation of each individual and of the Branch as a whole. Inefficiency and other major personnel problems are to be discussed with the Director.

Supervision and guidance received

The incumbent receives general supervision and guidance from the Office of the Director. He is given wide latitude for the exercise of independent judgment in performing duties.

Personal work contacts

Numerous contacts are made daily with operating executives of steel-producing and steel-consuming industries and high ranking Government officials. The incumbent attends committee meetings with ODM, Department of Defense, and industry advisory groups and acts as Government presiding officer where appropriate.

Scope and effect of work

This Branch handles and is responsible for all products listed in section B above covering a broad field of iron and steel industry production. The Chief is responsible for the review of all BDSA 100 forms monthly, and the recording of pertinent information listed and submitted thereby from individual steel producers as they relate to above-mentioned products.

Job requirements

The incumbent of this position must have recent broad and progressively responsible experience in the iron and steel industry in the field of one or more of the products listed above, for which the Branch is responsible, such as would be obtained only in a high level position in the iron and steel and related industries. Such experience must have provided an intimate knowledge of methods of production, distribution, capacities, interchangeability of facilities, and recent technological advances. Such knowledge will permit him to intelligently handle problems that arise, such as making appropriate recommendations with respect to set-asides for items in short supply, in accordance with statutory limitations on his authority.

NOTE.—This position is in lieu of full-time classification position which would be comparable to other commodity-industry analyst positions within BDSA allocated to GS–1151–15.

EXHIBIT B–16

TERRY B. MARTIN, DIRECTOR, ELECTRICAL EQUIPMENT DIVISION

b. Department, agency, or establishment: Director, Electrical Equipment Division. Class, series: WOC.

c. Bureau: Director, Electrical Equipment Division. Class. series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those of positions allocated to GS–17 under the Classification Act of 1949.

Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparaton of Position Description, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Electrical Equipment Division is responsible for administering the Business and Defense Serves Administration program with special reference to the electrical equipment industry area, which includes equipment such as special meters for aricraft, AN connectors and marine fittings, electrical components for machine tools and general industrial equipment, transformers, switchgear, large motors, and other equipment used in the generation, transmission, and distribution of electrical energy.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The Mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time carcer employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's program. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing

policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and iventories; developing, in collaboration with business and for other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the wide variation between industries and their manufacturing practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating division directors from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the electrical equipment industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of manufacturing and construction industries. Contacts are for the purpose of keeping informed on the latest development and trends in the electrical equipment industry field, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies programs.

EXHIBIT B–17

FREDERICK A. MERLISS, DEPUTY DIRECTOR, ALUMINUM AND MAGNESIUM DIVISION

Allocation by: a. Civil Service Commission. Established in accordance with section 710 (b) of the Defense Production Act of 1950, and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Deputy Director, Aluminum and Magnesium Division. Class, series: WOC.

c. Bureau: Deputy Director, Aluminum and Magnesium Division. Class, series: WOC.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Deputy Director of the Aluminum and Magnesium Division participates with the Director in administering the Business and Defense Services Administration program with special reference to aluminum products and magnesium.

Duties

The Deputy Director participates with the Director in establishing the organization as well as the operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

The Deputy Director participates in administering and directing the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken, if necessary, to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of critical materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement if necessary. Directive assistance is granted when delivery is required at an earlier date than can be otherwise satisfied.

2. *Administration of the defense materials system for aluminum.*—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military-production impact equitably over affected industries. Under this system the Division is responsible for the issuance (through M—5A–materials order for aluminum) of set-asides and directives on the production of specified quantities of shapes and forms of aluminum to meet defense requirements. This involves prescribing for each mill for each month, the tonnage of each shape to be reserved for military and Atomic Energy Commission orders. DMS also involves the issuance of priorities and directives, wherever such may be needed and requested by the Military Establishment and Atomic Energy Commission, to insure that production and delivery of military and Atomic Energy Commission requirements are met on schedule.

3. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

4. *The Postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries, and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

5. *Stockpiling and conservation.*—This involves making recommendations on policies and operations based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

6. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information,

guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistieal series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad: publishing information useful to business and the general public; and representing and assisting industry in its relations with other Departments and agencies of the Government.

Supervision and guidance received

The Deputy Director serves under general direction of the Director of the Division. He is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Guides are characteristically in the nature of legislative budgetary limitations and expressed or implied policies of the Agency and the Division.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of Government and industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems, or gaining their eoncurrence in proposed actions that are vital and important to the defense program.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Deputy Direetor positions within BDSA allocated to industrial specialist GS–1150–16.

EXHIBIT B–18

CLIFFORD G. POMMER, DIRECTOR, SHIPBUILDING, RAILROAD, ORDNANCE, AND AIRCRAFT DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of EO 10647.

b. Department, agency, or establishment: Director, Shipbuilding, Railroad Ordnance, and Aircraft Division. Class, series: WOC.

c. Bureau: Director, Shipbuilding, Railroad, Ordnance, and Aircraft Division. Class, series: WOC.

NATURE AND PURPOSE OF WORK

Introduction

The Direetor of the Shipbuilding, Railroad, Ordnance, and Aircraft Division is responsible for administering the Business and Defense Serviees program with special reference to small arms ammunition, blasting accessories, large and small ordnance; ship repair and building of all inland waterway, harbor, and Great Lakes, and ocean-going vessels (excluding military building and repair); manufacturing of aircraft and component parts; all maintenance, repair, and operating supplies for railroads and equipment pertaining to railway operating including the manufacture of locomotives (diesel, diesel/electric, and steam), freight and passenger train cars, as well as the manufacture of most other equipment used thereon throughout the United States; maintenance, repair, and operating supplies for rail rapid-transit systems including equipment therefor.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is aetion which may be taken if necessary to sustain the production and construetion programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of speeified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, con-

tracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) Studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy.

3. *The post-attack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for continuity of management, dispersion, decentralization, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; damage assessment; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administration and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing, in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Scope and effect of work

The shipbuilding, ship repair, railroad, ordnance, and aircraft industries are vital defense-supporting industries. The vast difference between requirements for emergency as against peacetime operations, the time lag involved from initiation to completion of an order creates problems of major importance and have a drastic effect on the economy. All of the industries are extra large users of controlled materials and products.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Division Director positions within BDSA allocated to industrial specialist GS–1150–17.

EXHIBIT B–19

CHESTER R. REED, DEPUTY DIRECTOR, CONTAINERS AND PACKAGING DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act of 1950 as extended, and section 101 (a) of Executive Order 10182.

b. Department, agency, or establishment: Deputy Director, Containers and Packaging Division. Class, series: WOC.

c. Bureau: Deputy Director, Containers and Packaging Division. Class, series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those of positions allocated to GS–16, under the Classification Act of 1949.

16.. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

A. Introduction

The Deputy Director of the Containers and Packaging Division participates with the Director in administering programs of the BDSA pertaining to containers and packaging.

B. Duties

The Deputy Director participates with the Director in establishing the organization as well as the operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Assists the Director in the administration and direction of the following functions entrusted to the Division:

I. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide the means for giving preferential treatment to purchase orders, contracts, or other forms of procurement, if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with the consideration of the needs and contributions of the rest of the free world. This involves (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be esseential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The post-attack program.*—This is a program for assisting Industry Advisory Committee and other groups of industrial leaders in the development of post-attack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearing house for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, decentralization and protective construction; for transfer of production to undamaged facilities; for develop-

ment of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stock goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administrator and Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production sales, and inventories; developing in collaboration with business and other Government agencies statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business and the general public; and representing and assisting industry in the relations with other departments and agencies of the Government.

Supervision and guidance received

The Deputy Director serves under the general policy direction of the Division Director who is a Government career employee. The position of Deputy Director of this Division is filled by a WOC employee and is rotated among executives on loan from industry for periods of approximately 6 months. The Deputy Director, therefore, supplies the industry viewpoint of the containers and packaging industries, and serves as industry adviser on Division programs and on Government methods and procedures related thereto.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of the Government and the industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems or gaining their concurrence in proposed actions that are vital and important to the agency's programs.

Scope and effect of work

Containers and packaging is an area of exceeding importance to the Nation's economy. The industries' annual product value exceed $7¼ billion dollars and cuts across all production and distribution channels. It is comprised of over 40 separate industries, all specialized and highly competitive. This industry is one of the largest users of basic raw materials: 78 percent of all tin mill products go into containers and packaging; 72 percent of all the aluminum foil goes into containers and packaging, a considerable portion of it for military barrier materials for preservative packaging. Half of the product value of the industry is for military purposes. Manufacturing of the 18,000 individual kinds of containers is extremely complex: they must withstand any catalystic or chemical reaction; 99 percent of all foods and drugs are pacakaged at some point and the construction of containers must meet food and drug laws to avoid contamination, toxic poisoning, etc.; transportation and handling conditions require the recognition of weatherproofing, atmospheric pressures, rigidity, weight, rust, deterioration, fragility of contents, etc.

Employment: Full Time.

Position: Indefinite.

EXHIBIT B–20

WILLIAM L. SANDSTON, CHIEF, BUSINESS RESEARCH AND ANALYSIS BRANCH, IRON AND STEEL DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of E. O. 10647.

b. Department, agency, or establishment: Chief, Business Research and Analysis Branch. Class, series: WOC.

c. Bureau: Chief, Business Research and Analysis Branch. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Business Research and Analysis Branch of the Iron and Steel Division is responsible for:

1. Advising with respect to the proposal, establishment, and development of business-service functions in two broad areas of activity: Domestic and foreign. When such functions have been established by full-time, salaried Government officials, the Branch is responsible for their execution. Such services include but are not confined to:

a. Interpretation, analyses, and development of statistical data and related information of iron and steel and alloying elements for industry dissemination for the purpose of assisting business in its economic problems;

b. Similar material for Government agencies and departments to assist them in their problems relating to controls, legislation, etc.;

c. Assist industry in its relationships with other Government departments in matters pertaining to legislative, regulatory, and economic problems by securing or supply data or advising as to procednre or sources.

2. Certain mobilization preparedness activities which include:

a. Developing, maintaining, and analyzing supply, demand, and distribution data pertaining to iron and steel, and alloying elements, both foreign and domestic; analyzing productive potential of the steelmaking and finishing facilities of foreign countries; analyzing the changing level of world steel production and consumption as an index to any expansion of military potential wherever it might take place throughout the world;

b. Assisting industry in problems pertaining to the requirements of the control orders (such as M–1A and the DMS regulations). Such problems include responsibilities under the control orders, reporting requirements, etc.

3. Performing special assignments for the Director.

This position is that of Chief of the Business Research and Analysis Branch with responsibility for direction and supervision of the defense materials system and foreign sections. All functions of the branch are administered by the incumbent, except that, when policy matters are involved, incumbent shall be limited to advising appropriate fnll-time salaried Government officials who are responsible for making policy decisions.

Duties

Incumbent appraises military requirements with a view to developing capacity and feasibility studies from which basis data for mobilization requirements are derived. This appraisal requires an intimate knowledge of the interchangeability of producing facilities for making the various military products and an understanding of the interrelationships of current production techniques and practices. Such a study is now under way in connection with the ability of the steel industry to meet Department of Defense requirements for shells to be produced by the hot-cup cold-extrusion process. Supervision of this study requires knowledge of the special chemistry and special findings involved in production of this product. In carrying out these responsibilities the incumbent supervises the activities of the two sections in the Business Research and Analysis Branch. These include:

1. *The DMS Section.*—Which is concerned with orders and regulations. In this connection, incumbent maintains liaison between the metals divisions and is responsible for keeping the divisions informed of any proposed changes in existing orders or contemplated new orders and/or regulations. Acts as liaison between Iron and Steel Division and other divisions of BDSA, other bureaus of the Department of Commerce and other agencies, such as Department of Defense, Atomic Energy Commission, Office of Defense Mobilization, Bureau of the Budget, etc.

2. *Foreign Section.*—Which is concerned with a program of research into all circumstances affecting world production, distribution, and consumption of ores, steel mill products, scrap, etc.; utilizing the product of this research in promoting foreign trade of the United States; developing basic information for use in developing the postattack and mobilization base research program; providing

staff consultation and advising on foreign-trade problems; supplying technical advice to the reciprocal trade agreements program; tariff, etc.

The incumbent acts as special assistant to the Director on special problems where specific technical information requiring knowledge of recent and current industry methods and practices must be developed. Such activity includes testing the feasibility of proposed programs in light of current facilities, production capacities, and available supply of raw materials, ferroalloys, and steel products; testing the effect of proposed projects on the production of specific steel products where high requirements of specific programs are unrealistic on the basis of consideration of normal market uses and the supply and demand picture, and recommending substitutes and adjustments that can be made without impeding programs or upsetting projected goals. The incumbent as requested assists in the development of a high degree of understanding and cooperation between industry and Government for the broad aspects of postattack planning, for coordinating the efforts of the iron and steel industry task groups in the formulation of postattack plans.

II. *Supervision and guidance.*—In matters pertaining to business services and mobilization, the incumbent coordinates his activities with the Director of the Iron and Steel Division; incumbent has wide latitude (within established agency policies) receiving only general guidance from the Director with regard to other functions of the Branch.

III. *Personal work contacts.*—Constant personal liaison is required with top-level officials of Government, both in BDSA and other bureaus within the Department of Commerce, as well as other agencies—including: Office of Defense Mobilization, Department of Defense, Atomic Energy Commission, and Bureau of the Budget. Constant personal liaison is also required with top executives of the steel industry.

IV. *Scope and effect of work.*—Since steel is basic to the American economy and since steel is the principal raw material from which virtually all manufactured products are produced, actions and decisions taken by or affecting the industry have basic significance. Iron and steel represent a very important segment of the economy of many foreign countries. The responsibilities, services, activities, and functions of this Division have proportionate significance and effect in terms of the total functioning of BDSA.

V. *Job requirements.*—Incumbent must have broad general knowledge of industry methods and practices, and knowledge of the interrelationships existing among producers of the iron and steel and ferroalloys industries. Incumbent must have an intimate and thorough knowledge of the commercial practices and distribution systems of the iron and steel industry.

Incumbent must have a knowledge of general statistical practices, with emphasis on the practicality of gathering desired data from the complex steel and ferroalloys industries.

It is important that incumbent have the respect and confidence of the steel industry.

Recency of industry experience is a prerequisite due to the sweeping changes in production methods, distribution practices, and technology in recent years.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other positions within BDSA allocated to industrial specialist GS–1150–15.

EXHIBIT B–21

CLARENCE W. SEELEY, DIRECTOR, COPPER DIVISION

b. Department, agency, or establishment: Director, Copper Division. Class, series: WOC.

c. Bureau: Director, Copper Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, standard form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Copper Division is responsible for administering the business and defense services programs that pertain to copper.

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matter are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

The defense materials system for copper.—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military production impact equitably over affected industries. Under this system set-asides and directives on the production of specified quantities of shapes and forces of copper to meet defense requirements are issued through M–11A (materials order for copper). This involves prescribing for each mill for each month, the tonnage of each shape to be reserved for military and Atomic Energy Commission orders. Also, under DMS, priorities and directives are issued wherever such may be needed and requested by the Military Establishment and AEC to insure that production and delivery of military and Atomic Energy Commission requirements are met on schedule.

The mobilization readiness program.—This program's overall objective is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contribution of the rest of the free world. This involves: (1) Studies and investigations, in collaboration with other Government agencies and with industry, to determine the production potential of industry to meet all-out mobilization requirements; (2) identification where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (3) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (4) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

The postattack program.—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken in this connection with especially critical and vulnerable industries and serves as a clearinghouse for ideas within the copper industry. It involves making suggestions for dispersion, deconcentration and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

Stockpiling and conservation.—This involves making recommendations on policies and operations in connection with stockpiling and conservation of copper, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, and so forth, with due consideration to the effect on defense and civilian production and the stability of the industry.

The Department's program designed to foster, promote, and develop United States industry and commerce.—This involves serving as the focal point for these industries within the Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance and judgments on industry affairs and working closely with industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding markets at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership are available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the wide variation between the numerous segments of the industry and their fabricating practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating Division directors from different segments of the copper industry on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various segments of the copper industry assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of Government, industry, trade associations, and the technical and trade press for the copper industry. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of copper producing and fabricating industries. Contacts are for the purpose of keeping informed on the latest developments and trends in the copper industry, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies' programs.

Scope and effect of work

There is virtually no industry in the United States which is not dependent on the use of copper in some form. The control of copper, steel, and aluminum automatically sets a level on the consumption of all other products. In addition to its use for alloying aluminum and steel, copper is used either alone or as the base of an alloy in virtually every industry. Copper alloy foundry products are essential to the shipbuilding program; one of the more important uses of brass mill products is in the manufacture of cartridge cases; for electrical conductivity copper wire mill products more essential; and the generation, transmission, and consumption of electrical energy is almost completely dependent upon copper.

EXHIBIT B–22

CHARLES M. STUART, DIRECTOR, GENERAL INDUSTRIAL EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission.

Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of EO 10647.

b. Department, agency, or establishment: Director, General Industrial Equipment Division. Class, series: WOC.

c. Bureau: Director, General Industrial Equipment Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, standard form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the General Industrial Equipment Division is responsible for administering the business and defense services program as it pertains to the industries under the jurisdiction of the Division.

Duties

The Director is responsible for establishing the organization as well as the operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaries Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

Defense materials system.—This is a control system for assuring that the production and construction schedules of the Department of Defense and the Atomic Energy Commission remain on schedule and a system for spreading the military production impact equitably over affected industries. Under this system, set-asides and directives on the production of specified materials to meet defense requirements are issued. Also, under DMS, priorities and directives are issued whenever such may be needed and requested by the Military Establishment and AEC to insure that production and delivery of military and Atomic Energy Commission requirements are met on schedule.

Mobilization readiness program.—This program's overall objective is to develop a mobilization plan that lies within the Nation's materials and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contribution of the rest of the free world. This involves (1) studies and investigations in collaboration with other Government agencies and with industry, to determine the production potential of industry to meet all-out mobilization requirements; (2) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (3) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time career employees); and (4) maintaining and keeping up-to-date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

The post attack program.—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken in this connection with especially critical and vulnerable industries and serves as a clearinghouse for ideas within the assigned industries. It involves making suggestions for dispersion, deconcentration, and protective construction; for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

Stockpiling and conservation.—This involves making recommendations on policies and operations in connection with stockpiling and conservation, based on knowledge of industrial capacity, production, consumption, and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

The Department's program designed to foster, promote, and develop United States industry and commerce.—This involves serving as the focal point for these industries within the Government and advising the Administrator and the Secretary of Commerce, policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national policies designed to promote industrial expansion and business progress at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales, and inventories; developing in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business in expanding market at home and abroad; publishing industry information useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director

is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Mental demands

The incumbent should have a broad industry background with intimate knowledge of the problems of as many industries as possible. While many of the basic problems may be the same, the side variation between industries and their manufacturing practices increases the complexity of proper direction and administration of the Division's functions. The policy of rotating division directors from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations. The incumbent should also have the confidence and respect of the various industries assigned to this Division.

Personal work contacts

The incumbent establishes and maintains continuing liaison with top executives of government, industry, trade associations, and the technical and trade press for the general industrial equipment industries. Personal contacts and the establishment of cooperative working relationships with top echelon industrialists is a primary responsibility of this position in the interest of protecting the economy of manufacturing and construction industries. Contacts are for the purpose of keeping informed on the latest developments and trends in the general industrial equipment industries field, providing assistance in the solution of problems, or gaining concurrence in proposed actions that are vital to the agencies programs.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other division director positions within BDSA allocated to industrial specialists GS–1150–17.

EXHIBIT B–23

CORTLANDT VAN RENSSELAER, DEPUTY DIRECTOR, SCIENTIFIC, MOTION PICTURES, AND PHOTOGRAPHIC PRODUCTS DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Deputy Director, Scientific, Motion Picture, and Photographic Products Division. Class, series: WOC.

c. Bureau: Deputy Director, Scientific, Motion Picture, and Photographic Products Division. Class, series: WOC.

16. Description of duties and responsibilities (see Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, standard form No. 75a):

Introduction

The Deputy Director of the Scientific, Motion Picture, and Photographic Products Division is appointed on a 6-month basis. He assists the Director and other Division officials in the planning and direction of the Division's programs and in the development of overall plans leading to the accomplishment of the agency's objectives.

Duties

As a member of the Division's top executive staff, participates in the formulation of operating plans, recommendations, and procedures required in carrying out the following functions as they relate to the industries under the jurisdiction of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material

and physical resources and generates the maximum military power that these resources can support.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of post-attack plans.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption, and industrial needs.

5. *The Department's program to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for these industries within Government and advising the Administrator and Secretary of Commerce on policies and actions for carrying out the Department's programs, and participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad.

Maintains close liaison with all segments of the industries under the jurisdiction of the Division in order to keep informed of developments and problems, to secure industry views and suggestions, to assure full consideration of industry problems, and to obtain complete industry cooperation in the defense and mobilization work of the Division and the agency.

Attends, addresses, and otherwise participates in industry trade association meetings and conventions, reflecting policies and services of the Department of Commerce and enlisting the cooperation of industry in fulfilling agency and department programs.

Supervision and guidance received

The position of Deputy Director of this Division is established on a WOC basis and is rotated among executives on loan from industry for periods of approximately 6 months. The Deputy Director serves under the general policy direction of the Division Director who is a Government career employee. He supplies the industry viewpoints as they apply to the scientific, motion picture, and photographic products industries, and serves as industry adviser on Division programs and on Government methods and procedures related thereto.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other deputy director positions within BDSA allocated to industrial specialist GS–1150–16.

EXHIBIT B–24

ROGER F. WAINDLE, CHIEF, CASTINGS BRANCH, IRON AND STEEL DIVISION

Allocation by: a. Civil Service Commission. Class title of position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10182.

b. Department, agency, or establishment: Chief, Castings Branch. Class, series: WOC

c. Bureau: Chief, Castings Branch. Class, series: WOC.

e. Recommended by initiating office: Duties and responsibilities comparable to those established under the Classification Act of 1949.

I. NATURE AND PURPOSE OF WORK

A. Introduction

This position is that of Chief of the Castings Branch, Iron and Steel Division, Business and Defense Services Administration. The Branch conducts research and analysis on the various economic and industrial phases of the iron and steel castings industries, and advises regarding the degree and type of Government control to be exercised over the production, distribution, and supply of iron and steel castings or required by the defense materials system and administers priorities programs in accordance with the provision of the Defense Act of 1950.

The incumbent serves as adviser on all matters relating to planning and development of allocations and production programs with respect to gray iron, malleable, iron, carbon steel, low alloy, armor, high alloy of both corrosive and heat resistant (stainless steel castings). There are 2,962 gray foundries, 114 malleable-iron foundries, 364 steel foundries and about 100 high-alloy foundries

in the ferrous-castings industry. Their combined dollar value of shipments amounted to approximately $6 billion for year of 1952.

The incumbent assumes the responsibility, direction and supervision of one industrial specialist (castings) and one clerk-stenographer.

Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

B. Duties

Based upon a broad and extensive knowledge of the operations, methods, and practice of the ferrous-foundry industry, and the ability to administer critical programs relating to the control of production and the distribution of materials and resources; performs duties illustrated by the following:

(1) The incumbent is responsible for the development of data on all aspects of this segment of industry; gray-iron foundries, malleable-iron foundries, carbon and low alloy foundries, high-alloy foundries, and foundries that could produce armor castings. Such information and data pertain to plant capacities, production, and backlog of unfilled orders, inventories and requirements for production materials and MRO supplies, operational details, geographic areas served, and other information pertinent to present and anticipated defense programs. The incumbent must evaluate this information in the light of current and future needs.

(2) Incumbent serves as Government presiding officer of four castings industry advisory committees, which includes the entire ferrous-castings industry. In this capacity, keeps industry advised on the national supply and demand picture; advises and gains their concurrence on control programs planned, and furnishes technical assistance and advice on production planning and scheduling; also advises the group in regard to the status of supply of their products and the effect existing and planned controls will have on their operations and future planning.

(3) Incumbent serves as Government presiding officer of the heavy steel casting industry advisory task group, for the purpose of handling special problems of the industry, which findings and recommendations are submitted to the entire Industry Advisory Committee.

(4) Incumbent may be called upon to attend other Industry Advisory Committee meetings, such as: foundry-equipment manufacturers, valve and fittings manufacturers, turbine and pump manufacturers, metalworking-press manufacturers, crane manufacturers, to name a few. Presence at such meetings is necessary to keep various industries informed on current and future supply and demand situations as affected by ferrous castings.

(5) Incumbent may be called upon to attend meetings with the Department of Defense and Atomic Energy Commission regarding special program requirements that might entail castings. In the past such programs as that for cast armor involved the establishment of expanded production facilities, the reactivation of Government-owned plants, expansion of privately owned plants, and the establishment of control and reporting procedures.

The chief of this branch is responsible for the supervision of the branch's personnel in such a manner as to promote the most efficient operation of each individual and of the branch as a whole. Inefficiency and other major personnel problems are to be discussed with the Director.

II. SUPERVISION AND GUIDANCE RECEIVED

Works under the general direction of the Director of the Iron and Steel Division and his Deputy.

III. PERSONAL WORK CONTACTS

Frequent contact is made with other industry divisions or sections of BDSA; with other Government departments, such as Defense and Interior and various bureaus of the Department of Commerce.

The successful prosecution of the work of the Castings Branch depends, largely, on personal contact and wide acquaintances with top management of individual companies within the industry.

IV. SCOPE AND EFFECT OF WORK

The incumbent advises regarding methods and procedures for increasing production, including the conversion and expansion of facilities, through investiga-

tion and analysis of problems confronting industry in accelerating defense production. (Such recommendations in every instance to be made by full-time, career employees.)

Develops and maintains contact with all elements of the industry for the promotion of better Government-industry relations, and to facilitate solution to problems affecting industry with regard to production-control measures.

Promotes the present and future aims of EDSA through maintaining liaison not only with the ferrous castings industry, but with other Government agencies whose functions have a bearing on this industry's preparedness.

V. JOB REQUIREMENTS

The chief of the branch must be experienced in the ferrous-castings industry in the field of metallurgy, operations, and distribution. He must be acquainted with the ranges and capacities of individual foundries, and to supplement this he must be familiar with the uses and requirements of end products. This knowledge permits him to intelligently handle the problems that arise.

The incumbent must be well known in the industry and must have its confidence to effectively carry out the work of the branch. A great deal of the work concerning spot directives and the apportioning of programs is more easily accomplished when the incumbent, representing Government, has the confidence of responsible personnel in the castings industry.

Recency of industry experience is a prerequisite due to the sweeping changes in production methods, distribution practices, and technology in recent years.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other commodity-industry analyst positions within BDSA allocated to GS–1151–15.

EXHIBIT B–25

ROBERT E. WILLIAMS, DIRECTOR, COMMUNICATIONS EQUIPMENT DIVISION

Allocation by: a. Civil Service Commission. Class, title. or position: Established in accordance with section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647.

b. Department, agency, or establishment: Director, Communications Division. Class, series: WOC.

c. Bureau: Director, Communications Division. Class, series: WOC.

16. Description of duties and responsibilities (See Guide to Position Classifiers, Employees, and Supervisors for the Preparation of Position Descriptions, Standard Form No. 75A):

NATURE AND PURPOSE OF WORK

Introduction

The Director of the Communications Division is responsible for administering the business and defense services programs as they pertain to the communications, manufacturing, and operating industries (including radio, telephone, and telegraph industries).

Duties

The Director is responsible for establishing the organization as well as operating plans, recommendations, and procedures needed to achieve the objectives of the Division. Incumbent shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

Administers and directs the following functions of the Division:

1. *Priorities and directives.*—This is action which may be taken if necessary to sustain the production and construction programs of the Department of Defense and the Atomic Energy Commission. Priority ratings direct the delivery of specified quantities of types, shapes, and sizes of the three controlled materials and provide for means to give preferential treatment to purchase orders, contracts, or other forms of procurement if necessary. Directive assistance is granted when delivery is required at an earlier date than that which can be satisfied by issuance of a priority rating.

2. *The mobilization readiness program.*—The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and

physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involved (*a*) studies and investigations, in collaboration with other Government agencies and with industry, to determine the productive potential of industry to meet all-out mobilization requirements; (*b*) identification, where possible, of serious deficiencies in industrial capacity that will be needed in time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals as well as mobilization requirements (such recommendations in every instance to be made by full-time, career employees); and (*d*) maintaining and keeping up to date industrial information that would be essential in the event it is necessary in the future to impose production and/or materials controls on the economy for defense purposes.

3. *The postattack program.*—This is a program for assisting industry advisory committees and other groups of industrial leaders in the development of postattack plans. It involves pointing up specific measures which should be taken with especially critical and vulnerable industries and serving as a clearinghouse for ideas within the industries under the jurisdiction of the Division. It involves making suggestions for dispersion, deconcentration and protective construction: for transfer of production to undamaged facilities; for development of duplicate sources of supply; and for accelerating restoration of damaged facilities.

4. *Stockpiling and conservation.*—This involves making recommendations on policies and operations, based on knowledge of industrial capacity, production, consumption and industrial needs. Recommendations include opinions on stockpile goals, rate of stockpiling, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

5. *The Department's program designed to foster, promote, and develop United States industry and commerce.*—This involves serving as the focal point for those industries within Government and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with industry in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; developing plans to prevent and alleviate business recessions; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs and working closely with industry and industry associations in representing business in Government. It involves providing information to business on production, sales and inventories; developing in collaboration with business and other Government agencies, statistical series adequate to meet requirements of both Government and business; assembling and distributing economic data useful to business and the general public; and representing and assisting industry in its relations with other departments and agencies of the Government.

Supervision and guidance received

The Director serves under the broad general direction of the Administrator and/or the Deputy Administrator. Coordinative guidance and staff leadership is available from the Assistant Administrator for the industry group. The Director is expected to exercise initiative and judgment in determining what projects should be undertaken, how they should be organized, and the propriety of the work. Specific instructions with respect to the administration of the Division are seldom available. The guides are characteristically in the nature of legislation, budgetary limitations, and expressed or implied policies of the agency.

Personal work contacts

Contacts are established and continuing liaison maintained with top officials of the Government and the industry. Contacts are for the purpose of persuading them to provide assistance in the solution of problems or gaining their concurrence in proposed actions that are vital and important to the defense program.

NOTE.—This WOC position is in lieu of a full-time Classification Act position which would be comparable to other Division Director positions within BDSA allocated to industry specialist GS–1170–17.

(Exhibit C retained in committee files.)

EXHIBIT D

DEPARTMENT OF COMMERCE,
OFFICE OF THE GENERAL COUNSEL,
Washington, December 1, 1955.

Memorandum to: Heads of all bureaus employing WOC personnel under section 710 (b) of the Defense Production Act.
From: The General Counsel.
Subject: WOC personnel under section 710 (b) of the Defense Production Act of 1950, as amended.

The Defense Production Act was amended on August 9, 1955, to include new provisions applicable to WOC personnel. These provisions appear in section 710 (b), the text of which is set forth in attachment A of this memorandum. Particular attention is directed to subsection 710 (b) (6), which requires the filing of statements by WOC appointees.

On November 28, 1955, Executive Order No. 10647, dealing with appointments under the Defense Production Act, was signed. The text of the new Executive order appears in attachment B of this memorandum. Particular attention is directed to section 302 which deals with the filing of statements involving WOC appointees.

Forms for use by WOC personnel in the submission of required information appear as attachments C and D of this memorandum.

A number of questions have been asked regarding the application of the new provisions calling for submission of statements. Set forth as attachment E of this memorandum, in question-and-answer form, are our views with respect to points which may commonly arise. Additional questions may be submitted to the Office of the General Counsel.

It is suggested that you distribute copies of this memorandum to all present and prospective WOC personnel, as well as to appropriate staff officials, for their information and guidance.

ATTACHMENT A. SECTION 710 (B) OF DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

(b) (1) The President is further authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, and subject to such regulations as he may issue, to employ persons of outstanding experience and ability without compensation;

(2) The President shall be guided in the exercise of the authority provided in this subsection by the following policies:

(i) So far as possible, operations under the act shall be carried on by full-time, salaried employees of the Government, and appointments under this authority shall be to advisory or consultative positions only.

(ii) Appointments to positions other than advisory or consultative may be made under this authority only when the requirements of the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time, salaried basis.

(iii) In the appointment of personnel and in assignment of their duties, the head of the department or agency involved shall take steps to avoid, to as great an extent as possible, any conflict between the governmental duties and the private interests of such personnel.

(3) Appointees under this subsection (b) shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

(4) Any person employed under this subsection (b) is hereby exempted, with respect to such employment, from the operation of sections 281, 283, 284, 434, and 1914 of title 18, United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99), except that—

(i) Exemption hereunder shall not extend the negotiation or execution, by such appointee, of Government contracts with the private employer of such appointee or with any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(ii) Exemption hereunder shall not extend to making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by the private employer of the appointee or by any corporation, joint stock company, association, firm,

partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(iii) Exemption hereunder shall not extend to the prosecution by the appointee, or participation by the appointee in any fashion in the prosecution, of any claims against the Government involving any matter concerning which the appointee had any responsibility during his employment under this subsection, during the period of such employment and the further period of 2 years after the termination of such employment; and

(iv) Exemption hereunder shall not extend to the receipt or payment of salary in connection with the appointee's Government service hereunder from any source other than the private employer of the appointee at the time of his appointment hereunder.

(5) Appointments under this subsection (b) shall be supported by written certification by the head of the employing department or agency—

(i) That the appointment is necessary and appropriate in order to carry out the provisions of the act;

(ii) That the duties of the position to which the appointment is being made require outstanding experience and ability;

(iii) That the appointee has the outstanding experience and ability required by the position; and

(iv) That the department or agency head has been unable to obtain a person with the qualifications necessary for the position on a full-time, salaried basis.

(6) The heads of the departments or agencies making appointments under this subsection (b) shall file with the Division of the Federal Register for publication in the Federal Register a statement including the name of the appointee, the employing department or agency, the title of his position, and the name of his private employer, and the appointee shall file with such Division for publication in the Federal Register a statement listing the names of any corporations of which he is an officer or director or within 60 days preceding his appointment has been an officer or director, or in which he owns, or within 60 days preceding his appointment has owned, any stocks, bonds, or other financial interests, and the names of any partnerships in which he is, or was within 60 days preceding his appointment, a partner, and the names of any other businesses in which he owns, or within such 60 day period has owned, any similar interest. At the end of each succeeding 6-month period, the appointee shall file with such Division for publication in the Federal Register a statement showing any changes in such interests during such period.

(7) At least once every 3 months the Chairman of the United States Civil Service Commission shall survey appointments made under this subsection and shall report his findings to the Preident and the Joint Committee on Defense Production and make such recommendations as he may deem proper.

(8) Persons appointed under the authority of this subsection may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment.

Attachment B. Executive Order No. 10647

Providing for the appointment of certain persons under the Defense Production Act of 1950, as amended

By virtue of the authority vested in me by the Defense Production Act of 1950 (64 Stat. 798), as amended (50 U. S. C. App. 2061 *et seq.*), hereinafter referred to as the Act, it is hereby ordered as follows:

Part I—Delegation of Authority

Section 101. (a) There is hereby delegated to the head of each department or agency to whom functions are delegated or assigned under the Act the authority vested in the President by subsection 710 (b) (1) of the Act to employ persons of outstanding experience and ability without compensation. The authority delegated by this subsection shall not be redelegated.

(b) There is hereby further delegated to the head of each such department or agency the authority vested in the President by subsection 710 (c) of the Act to employ experts and consultants or organizations thereof. The authority delegated by this subsection shall not be redelegated.

Sec. 102. The head of each department or agency to whom authority is delegated by subsections 101 (a) and 101 (b) of this order shall be guided in the exercise of that authority by the following-described policies:

(a) So far as possible, operations under the Act shall be carried on by full-time, salaried employees of the Government, and appointments under this authority shall, so far as possible, be to advisory or consultative positions only.

(b) Appointments to positions other than advisory or consultative may be made under this authority only when the requirements or the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time, salaried basis.

(c) In addition to other requirements imposed by this order, the head of the department or agency involved shall, in the appointment of personnel and in assignment of their duties, take steps to avoid, to as great an extent as possible, any conflict between the Government duties and the private interests of such personnel.

SEC. 103. (a) All persons appointed pursuant to the authority delegated by subsection 101 (a) of this order, or appointed pursuant to the authority delegated by subsection 101 (a) of Executive Order No. 10182 of November 21, 1950, as amended by Executive Order No. 10205 of January 16, 1951, and still employed on the date of this order, shall, when policy matters are involved, be limited to advising appropriate, full-time Government officials who are responsible for making policy decisions.

(b) All persons appointed pursuant to the authority delegated by subsection 101 (b) of this order, or appointed pursuant to the authority delegated by subsection 101 (b) of the said Executive Order No. 10182, as amended, and still employed on the date of this order, shall, when policy matters are involved, be limited to advising appropriate persons who are responsible for making policy decisions or who are authorized to make recommendations with respect to policy matters.

PART II—EXEMPTIONS

SEC. 201. Any person employed pursuant to the authority delegated by subsection 101 (a) of this order is exempted, with respect to such employment, by section 710 (b) (4) of the Act from the operation of sections 281, 283, 284, 434, and 1914 of title 18 of the United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99), except that:

(a) Exemption thereunder does not extend to the negotiation or execution, by such appointee, of Government contracts with the private employer of such appointee or with any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(b) Exemption thereunder does not extend to making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by the private employer of the appointee or by any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(c) Exemption thereunder does not extend to the prosecution by the appointee, or participation by the appointee in any fashion in the prosecution of any claims against the Government involving any matter concerning which the appointee had any responsibility during his employment under subsection 101 (a) of this order during the period of such employment and the further period of two years after the termination of such employment; and

(d) Exemption thereunder does not extend to the receipt or payment of salary in connection with the appointee's Government service from any source other than the private employer of the appointee at the time of his appointment under subsection 101 (a) of this order.

SEC. 202. Any person employed pursuant to the authority delegated by subsection 101(b) of this order is hereby exempted, with respect to such employment, from the operation of sections 281, 283, and 284 of title 18 of the United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99), except that:

(a) Exemption hereunder shall not extend to the negotiation or execution, by such appointee, of Government contracts with the private employer of such appointee or with any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest;

(b) Exemption hereunder shall not extend to making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by the private employer

of the appointee or by any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest; and

(c) Exemption hereunder shall not extend to the prosecution by the appointee, or participation by the appointee in any fashion in the prosecution, of any claims against the Government involving any matter concerning which the appointee had any responsibility during his employment under subsection 101(b) of this order during the period of such employment and the further period of two years after the termination of such employment.

PART III—CERTIFICATIONS, STATEMENTS, AND REPORTS

SEC. 301. (a) Appointments made pursuant to the authority delegated by subsection 101(a) of this order shall be supported by written certification by the head of the employing department or agency:

(1) That the appointment is necessary and appropriate in order to carry out the provisions of the Act;

(2) That the duties of the position to which the appointment is being made require outstanding experience and ability;

(3) That the appointee has the outstanding experience and ability required by the position; and

(4) That the department or agency head has been unable to obtain a person with the qualifications necessary for the position on a full-time, salaried basis.

(b) The certification required by subsection (a) of this section shall be accompanied by a statement:

(1) Describing the function under the Act which the appointee is expected to perform and his responsibilities and duties in performing such functions;

(2) Showing why the head of the department or agency has concluded that the duties of the position require outstanding experience and ability;

(3) Showing the appointee's experience and accomplishments which justify the conclusion of the head of the department or agency that the employee has outstanding experience and ability; and

(4) Setting forth a summary of the reasons why the head of the department or agency has been unable to obtain a person with the qualifications necessary for the position on a full-time, salaried basis.

SEC. 302. (a) The heads of departments or agencies making appointments pursuant to the authority delegated by subsection 101(a) of this order shall, within thirty days from the date of appointment, file with the Federal Register Division for publication in the Federal Register a statement including:

(1) The name of the appointee;

(2) The name of the employing department or agency;

(3) The title of the appointee's position; and

(4) The name of the appointee's private employer or employers.

(b) All persons appointed pursuant to the authority delegated by subsection 101(a) of this order shall, within thirty days from the date of the appointment, file with the Federal Register Division for publication in the Federal Register a statement listing:

(1) The names of any corporation of which he is, or within 60 days preceding his appointment has been, an officer or director;

(2) The names of any corporation in which he owns, or within 60 days preceding his appointment has owned, any stocks, bonds, or other financial interests;

(3) The names of any partnerships in which he is, or within 60 days preceding his appointment has been, a partner; and

(4) The names of any other businesses in which he owns, or within 60 days preceding his appointment has owned, any similar interest.

(c) At the end of each succeeding six-month period, the appointee shall file with the Federal Register Division for publication in the Federal Register a statement showing any changes in such interests during such period.

(d) As used in this section:

(1) The term "owns" or "has owed" refers to any legal or equitable, vested or contingent, interest, however held. The names of corporations, partnerships, or other businesses in which a legal interest is owned by the appointee in a fiduciary capacity shall be listed only when any beneficiary is the spouse, parent, child, brother, or sister of the appointee. The names of corporations,

partnerships, or other businesses in which an equitable interest is owned by the appointee shall be listed only when the appointee controls, or participates in the control of, the legal interest. However, the name and nature of the legal interest shall be specified when the appointee owning an equitable interest does not control, or participate in the control of, the legal interest.

(2) The term "other financial interests" includes any direct or indirect interests in the pecuniary profits or contracts of corporations, partnerships, or other businesses, including salaries, commissions, bonuses, options, retirement benefits, severance pay, or like interests, but excludes insurance policies of insurance companies in which the sole interest of the appointee is that policy.

SEC. 303. Persons employed pursuant to the authority delegated by subsection 101 (a) or 101 (b) of this order may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business pursuant to such appointment. Persons employed pursuant to the authority delegated by subsection 101 (b) of this order may also be compensated at rates not in excess of $50 per diem.

SEC. 304. All appointments under 710 (b) (1) and 710 (c) of the Act shall be made under the terms of this order. All persons heretofore appointed under subsection 101 (a) of Executive Order No. 10182, as amended by Executive Order No. 10205, who are still employed on the date of this order shall comply with this Part, and, upon compliance, shall be deemed for all purposes to have been appointed under this order and to be subject to its provisions, including the provisions of subsections 302 (a) and 302 (b) relating to statements required thereby, except that statements relating to appointments made under subsection 101 (a) of Executive Order No. 10182, as amended, shall be filed within thirty days from the date of this order.

SEC. 305. (a) At least once every three months, the Chairman of the Civil Service Commission shall survey appointments made under the Act. Such survey shall include the following:

(1) A determination whether a statement with respect to each person appointed pursuant to subsection 101 (a) of this order has been filed by the head of the department or agency concerned in accordance with the requirements of subsection 302 (a) of this order;

(2) A determination whether each person appointed pursuant to the said subsection 101 (a) has filed a statement in accordance with the requirements of subsection 302 (b) of this order;

(3) A determination whether each person appointed pursuant to subsection 101 (a) of this order who has served six months or more has filed a statement in accordance with the requirements of subsection 302 (c) of this order;

(4) A determination whether a statement with respect to each person appointed pursuant to subsection 101 (a) of Executive Order No. 10182, as amended by Executive Order No. 10205, has been filed by the head of the department or agency concerned in accordance with the requirements of section 304 of this order;

(5) A determination whether each person appointed pursuant to subsection 101 (a) of the said Executive Order No. 10182, as amended, has filed a statement in accordance with the requirements of section 304 of this order; and

(6) An inspection of individual department and agency files to determine whether the certifications and the statements required by subsections 301 (a) and (b), respectively, of this order have been made.

(b) A report of each such survey shall be made by the Chairman of the Civil Service Commission to the President and to the Joint Committee on Defense Production and shall include the following:

(1) A statistical report showing the number of appointments made pursuant to the authority of this order by each department or agency for the three-month period covered, the total number of such appointees on the rolls of each department or agency, the number of employees serving in advisory or consultative positions, and the number of appointees who are serving in other than consultative or advisory positions;

(2) A list of the names of all appointees for whom the statements required by section 302 of this order have not been filed, and a list of the names of all appointees for whom the certification required by subsection 301 (a) of this order has not been made; and

(3) Such comments or recommendations as the Chairman of the United States Civil Service Commission may deem proper.

SEC. 306. Executive Order No. 10182 of November 21, 1950, and Executive Order No. 10205 of January 16, 1951, are hereby revoked.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *November 28, 1955.*

ATTACHMENT C. REPORT OF APPOINTMENT AND STATEMENT OF FINANCIAL INTERESTS REQUIRED BY SECTION 710 (b) (6) OF THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Report of appointment:

1. Name of appointee:
2. Employing agency: Department of Commerce, Business and Defense Services Administration.
3. Date of appointment:
4. Title of position:
5. Name of private employer:

Director of Personnel

Statement of financial interests (Attach sheet(s) if necessary):

6. Names of any corporations of which the appointee is an officer or director or within 60 days preceding appointment has been an officer or director, or in which the appointee owns or within 60 days preceding appointment has owned any stocks, bonds, or other financial interests; any partnerships in which the appointee is, or within 60 days preceding appointment was, a partner; and any other businesses in which the appointee owns, or within 60 days preceding appointment has owned, any similar interest.

(Date) (Signature of appointee)

ATTACHMENT D. STATEMENT OF CHANGES IN FINANCIAL INTERESTS REQUIRED BY SECTION 710 (b) (6) OF THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

1. Name of appointee:
2. Employing agency: Department of Commerce, Business and Defense Services Administration.
3. Date of appointment:
4. Title of position:
5. Name of private employer:
6. Changes in names of any corporations of which the appointee is an officer or director or within 60 days preceding appointment has been an officer or director, or in which the appointee owns or within 60 days preceding appointment has owned any stocks, bonds, or other financial interests; any partnerships in which the appointee is, or within 60 days preceding appointment was, a partner; and any other businesses in which the appointee owns, or within 60 days preceding appointment has owned, any similar interest.

A. Deletions:

B. Additions:

Date: _____ _____
(Signature of appointee)

ATTACHEMENT E. QUESTIONS AND ANSWERS

1. Question. Must quantitative information be contained in the required statement?

Answer. No.

2. Question. Must an officer or director disclose what office or directorship he holds?

Answer. No. He must disclose only the name of the corporation in which he is or was an officer or director.

3. Question. Must bank, building and loan, and similar deposits be listed?

Answer. It is not necessary to list the names of the organizations. However, the words "bank deposits," "building and loan deposits," etc., should be included in the statement.

4. Question. Must income or interest from rents or mortgages be listed?

Answer. It is sufficient to state this fact without identifying the property from which rental or mortgage income or interest is derived.

5. Question. Must shares of stock in a corporation owned by spouse and forming part of community property be listed?

Answer. The name of the corporation in which the spouse owns shares should be listed.

6. Question. Must the stock or other holdings of an investment trust or company in which a WOC owns an interest be identified?

Answer. No. It is sufficient to name the investment trust or company.

7. Question. Must the private employer be listed if the appointee's only financial interest in the private employer is salary received from it?

Answer. Yes.

8. Question. The act requires filing of the names of corporations in which the employee is, or within 60 days preceding appointment has been, an "officer." What is meant by "officer"?

Answer. "Officer" is not defined in the law. The word does not have the same legal meaning in all jurisdictions. Hence no uniform definition can be given. In general, it includes president, vice president, secretary and treasurer, and, in some States, general manager. The only safe rule that can be laid down is that for the purposes of this statute a person is an officer of a corporation if he is an officer under the law of the State of its incorporation.

9. Question. The act also refers to partnerships in which appointee is a partner. How is the word "partner" to be understood?

Answer. The word "partner" must be construed to include not only general partners, but all variations, such as special partners, limited partners, "silent" partners, and the like.

10. Question. Where a corporation in which a WOC owns stock has subsidiaries, must the subsidiaries be listed?

Answer. Only if the WOC owns stocks, bonds, or other financial interests, as such, in the subsidiaries, or is an officer or director of such subsidiaries.

11. Question. Must United States Government bonds be listed?

Answer. No.

12. Question. Must membership in social or country clubs be listed?

Answer. No.

13. Question. Must usual credit balances on current merchandise or charge accounts be listed?

Answer. No.

14. Question. Is it necessary for the required statements to be notarized, witnessed or otherwise authenticated?

Answer. This is not required by the law.

15. Q. Are there any legal penalties for incorrect or insufficient information?

Answer. Yes, if such information is knowingly and willfully false. Section 1001 of title 18, United States Code, provides as follows:

"Statements or entries generally.

"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals, or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious, or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious, or fradulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than 5 years, or both" (June 25, 1948, ch. 645, sec. 1, 62 Stat. 749).

Exhibit E

United States Department of Commerce, Business and Defense Services Administration

Manual of administrative and operating instructions

Interim Procedure.
Issuance date: December 22, 1955.
Effective date: December 22, 1955.
Subject: WOC appointments pursuant to the Defense Production Act.

SECTION 1. PURPOSE

.01 To establish the required processing procedure for WOC appointment actions.

.02 To assign action responsibility for the various processing steps in connection with such appointments.

SECTION 2. PROCEDURE FOR PROCESSING REQUESTS FOR APPOINTIVE ACTION FOR OPERATING POSITIONS

.01 The administrative staff, BDSA, will furnish and maintain on a current basis for the Office of Personnel Management a list of BDSA operating positions which require that the incumbent personally possess outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry. The administrative staff will also notify the Office of Personnel Management specifically of each anticipated vacancy at least 45 days in advance of the position becoming available for new incumbent by use of form WOC–1 (see attachment A).

.02 The Office of Personnel Management will conduct a continuous search for qualified candidates available for appointment on a full-time salaried basis among (*a*) employees of the Department, (*b*) persons whose applications are on file with the Department, (*c*) persons whose applications are on file with the Civil Service Commission, and (*d*) persons available from other recruitment sources.

.03 If the Office of Personnel Management finds a candidate whom it believes to be qualified and available on a full-time, salaried basis, it will notify the administrative staff by memorandum. Application of such candidate will be referred to the appropriate industry division for consideration. If the candidate is qualified, his appointment will be processed in line with existing procedures for appointment of salaried personnel. If the candidate is not qualified, the Administrator, BDSA, will so advise the Director of Personnel by memorandum, giving detailed, specific reasons why the candidate is not considered qualified.

.04 If the Office of Personnel Management has not located a candidate whom it believes to be qualified and available on a salaried basis, it will evidence such fact by signing and returning to the BDSA administrative staff a copy of form WOC–1 within 5 days after receipt of notification of specific vacancy or as soon thereafter as practicable. The administrative staff will then authorize the appropriate Assistant Administrator and division director to proceed with negotiations to obtain from industry a qualified person to serve without compensation. For purpose of these negotiations a kit of informational material will be made available by the administrative staff. After a proposed candidate for WOC employment has been identified and has agreed to serve without compensation, the division director will be responsible for obtaining and submitting to the administrative staff the following documents completely executed by the applicant:

(*a*) Letter of agreement that applicant will if appointed submit within 30 days from date of appointment a statement to be filed for publication in the Federal Register in accordance with the Defense Production Act and Executive Order 10647 (see attachment B, form WOC–2).

(*b*) Two signed copies of Form 57, Application for Federal Employment. These forms must be completely executed. As a minimum, each position held during the past 15 years should be explained in detail in the spaces provided under item 16. It is not necessary to enter the exact amount of present salary or earnings; however, if the exact amount is not entered, a statement that present salary or earnings are equal to or in excess of the base salary of the position to which he is being appointed must be entered.

(*c*) Four copies of Form 86, Security Investigation Data for Sensitive Position, signed in duplicate. Every question on this form must be answered.

(*d*) One copy of Form 87, Fingerprint Chart. If the applicant's company is not equipped for taking finger prints, assistance can be obtained from the local police office or any field office of the Civil Service Commission. If applicant is in Washington at the time this form is given to him, the prints can be taken by a representative of the Office of Personnel Management in room 5228, Commerce Building. The form should be signed both by the applicant and by the official taking the prints. All questions must be answered.

.05 In addition to furnishing the administrative staff with the forms executed by the applicant, specified in paragraph .04, the division director will

submit a memorandum to the Director of Administration requesting that the WOC candidate be appointed to the vacancy. This memorandum will include concise and specific statements with respect to the circumstances of this appointment as follows:

(*a*) Describing the functions under the Defense Production Act which the appointee is expected to perform and his responsibilities and duties in performing such functions. This statement should be directed to the specific programs of the division which will be carried out during the period of the employee's incumbency.

(*b*) Showing why it has been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(*c*) Showing the appointee's experience and accomplishments which justify the conclusion that the employee has outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

.06 The administrative staff of BDSA will prepare and process in BDSA Form SF–52, Request for Personnel Action, and forward it to the Office of Personnel Management together with the following attachments:

(*a*) "Certificate Concerning Appointment Without Compensation" required by section 710 (b) (5) of the Defense Production Act of 1950, as amended, appropriately signed by the Administrator.

(*b*) Memorandum including concise and specific statements with respect to the circumstances of this appointment as follows:

(1) Describing the functions under the Defense Production Act which the appointee is expected to perform and his responsibilities and duties in performing such functions. This statement should be directed to the specific programs of the division which will be carried out during the period of the employee's incumbency.

(2) Showing why it has been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(3) Showing the appointee's experience and accomplishments which justify the conclusion that the employee has outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(4) Referring to date of notification received from the Office of Personnel Management in accordance with section 2.04 of this order.

(*c*) Letter of agreement that applicant will if appointed submit within 30 days from date of appointment a statement to be filed for publication in the Federal Register in accordance with the Defense Production Act and Executive Order No. 10647.

(*d*) Two signed copies of completely executed form SF–57, Application for Federal Employment.

(*e*) Four copies of completely executed Form 86, Security Investigation Data for Sensitive Positions.

(*f*) One copy of executed form SF–87, United States Civil Service Commission Fingerprint Chart.

.07 The Office of Personnel Management will complete the appointment process, and at an appropriate time prepare a memorandum to the Secretary for the joint signature of the Director of Personnel and the Administrator of BSDA containing the statement prescribed in section 301 (b) of Executive Order 10647 and requesting the Secretary's approval of the appointment.

SECTION 3. PROCEDURE FOR PROCESSING REQUESTS FOR APPOINTIVE ACTION FOR WOC CONSULTANTS AND EXPERTS (NONOPERATING POSITIONS)

.01 In carrying out the responsibilities under the Defense Production Act, it is often necessary for an industry division to utilize experts and consultants possessing outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry. These consultants will be used both on an intermittent and occasional basis and for the performance of specific projects or industry programs. When it is determined that this type of advisory or consultative position is required, the Office of Personnel Management will be notified immediately.

.02 The Division Director concerned will submit a memorandum to the Director of Administration, including the following information:

(*a*) A brief description of the project or study or the functions under the Defense Production Act for which the adviser or consultant is required. This statement should be directed to the specific programs of the division on which the consultant will be working.

(*b*) A statement explaining why the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(*c*) An estimate of the total man-days of employment which will be required and (to the extent practicable) when they will be required.

(*d*) A statement of specific duties for purpose of job classification.

This memorandum together with form WOC–3 (attachment C) will be forwarded to the Office of Personnel Management.

.03 It is usually important to obtain appointments expeditiously for consultative and advisory positions of the type required in BDSA to carry out the responsibilities under the Defense Production Act. The Office of Personnel Management, through its continuous search for qualified candidates available for appointment on a salaried basis to operating positions, will be cognizant of the availability of any salaried employees for such appointment to advisory or consultative positions.

.04 Within 5 days after receipt of form WOC–3, or as soon thereafter as practicable, the Office of Personnel Management will notify the administrative staff by memorandum if a candidate has been found whom it believes to be qualified and available to accept appointment to the consultative or advisory position on a salaried basis. Application of such candidate will be referred to the appropriate industry division for consideration. If the candidate is qualified, his appointment will be processed in line with existing procedures for appointment of salaried personnel. If the candidate is not qualified, the Administrator, BDSA, will so advise the Director of Personnel by memorandum, giving detailed, specific reasons why the candidate is not considered qualified.

.05 If the Office of Personnel Management has not located a candidate whom it believes to be qualified and available on a salaried basis, it will evidence such fact by signing and returning to the BDSA administrative staff a copy of form WOC–3 within 5 days after receipt of notification of specific vacancy, or as soon thereafter as practicable. The administrative staff will then authorize the appropriate assistant administrator and division director to proceed with negotiations to obtain from industry a qualified person to serve without compensation. For purpose of these negotiations a kit of informational material will be made available by the administrative staff. After a proposed candidate for WOC employment has been identified and has agreed to serve without compensation, the division director will be responsible for obtaining and submitting to the administrative staff the following documents completely executed by the applicant:

(*a*) Letter of agreement that applicant will if appointed submit within 30 days from date of appointment a statement to be filed for publication in the Federal Register in accordance with the Defense Production Act and Executive Order 10647 (see attachment B).

(*b*) Two signed copies of Form 57, Application for Federal Employment. These forms must be completely executed. As a minimum, each position held during the past 15 years should be explained in detail in the spaces provided under item 16. It is not necessary to enter the exact amount of present salary or earnings; however, if the exact amount is not entered, a statement that present salary or earnings are equal to or in excess of the base salary of the position to which he is to be appointed must be entered.

(*c*) Four copies of Form 86, Security Investigation Data for Sensitive Position, signed in duplicate. Every question on this form must be answered.

(*d*) One copy of Form 87, Finger Print Chart. If the applicant's company is not equipped for taking fingerprints, assistance can be obtained from the local police office or any field office of the Civil Service Commission. If applicant is in Washington at the time this form is given to him, the prints can be taken by a representative of the Office of Personnel Management in room 5228, Commerce Building. The form should be signed both by the applicant and by the official taking the prints. All questions must be answered.

.06 In addition to furnishing the administrative staff with the forms executed by the applicant, specified in paragraph .05, the Division Director will submit a memorandum to the Director of Administration requesting that the WOC candi-

date be appointed to the position. This memorandum will include a statement showing the appointee's experience and accomplishments which justify the conclusion that the employee has outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

.07 The administrative staff of BDSA will prepare and process in BDSA Form SF–52, Request for Personnel Action, and forward it to the Office of Personnel Management together with the following attachments:

(*a*) "Certificate concerning appointment without compensation" required by section 710 (b) (5) of the Defense Production Act of 1950, as amended, appropriately signed by the Administrator.

(*b*) Memorandum including concise and specific statements with respect to the circumstances of this appointment as follows:

(1) Describing the functions under the Defense Production Act which the appointee is expected to perform and his responsibilities and duties in performing such functions. This statement should be directed to the specific programs of the Division on which the consultant will be working.

(2) Showing why it has been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(3) Showing the appointee's experience and accomplishments which justify the conclusion that the employee has outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

(4) Referring to date of notification received from the Office of Personnel Management in accordance with section 3.05 of this order.

(*c*) Letter of agreement that applicant will if appointed submit within 30 days from date of appointment a statement to be filed for publication in the Federal Register in accordance with the Defense Production Act and Executive Order 10647.

(*d*) Two signed copies of completely executed Form SF–57, Application for Federal Employment.

(*e*) Four copies of completely executed Form SF–86, Security Investigation Data for Sensitive Positions.

(*f*) One copy of executed Form SF–87, United States Civil Service Commission Finger Print Chart.

.08 The Office of Personnel Management will complete the appointment process, and at an appropriate time prepare a memorandum to the Secretary for the joint signature of the Director of Personnel and the Administrator of BDSA containing the statement prescribed in section 301 (b) of Executive Order 10647 and requesting the Secretary's approval of the appointment.

SECTION 4. REVOCATION

Any other orders, instructions, procedures, or parts thereof, the provisions of which are inconsistent or in conflict with the provisions of this instruction are hereby amended or superseded accordingly.

ATTACHMENT A. FORM WOC–1

Date _____

Memorandum to: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of Vacancy in Operating Position.

The following position will become vacant in BDSA on or about _____ _____ as a result of the current incumbent completing his tour of duty:

Director, Iron and Steel Division, GS–

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this Office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis.

(Date) (Director of personnel)

ATTACHMENT B. FORM WOC–2

AGREEMENT

Section 710 (b) (6) of the Defense Production Act of 1950, as amended, is quoted as follows:

"(6) The heads of the departments or agencies making appointments under this subsection (b) shall file with the Division of the Federal Register for publication in the Federal Register a statement including the name of the appointee, employing department or agency, the title of his position, and the name of his private employer, and the appointee shall file with such division for publication in the Federal Register a statement listing the names of any corporations of which he is an officer or director or within 60 days preceding his appointment has been an officer or director, or in which he owns, or within 60 days preceding his appointment has owned, any stocks, bonds, or other financial interests, and the names of any partnerships in which he is, or was within 60 days preceding his appointment, a partner, and the names of any other businesses in which he owns, or within such 60-day period has owned, any similar interest. At the end of each succeeding 6-month period, the appointee shall file with such division for publication in the Federal Register a statement showing any changes in such interests during such period."

Section 302 (b) of Executive Order 10647 reads as follows:

"(b) All persons appointed pursuant to the authority delegated by subsection 101 (a) of this order shall, within 30 days from the date of the appointment, file with the Federal Register Division for publication in the Federal Register a statement listing: (1) The names of any corporation of which he is, or within 60 days preceding his appointment has been, an officer or director; (2) the names of any corporation in which he owns, or within 60 days preceding his appointment has owned, any stocks, bonds, or other financial interests; (3) the names of any partnerships in which he is, or within 60 days preceding his appointment has been, a partner; and (4) the names of any other businesses in which he owns, or within 60 days preceding his appointment has owned, any similar interest."

I have reviewed the provisions of law and Executive order stated herein and will comply with these requirements in the event my appointment to BDSA is consummated.

(Date) (Signature)

ATTACHMENT C. FORM WOC–3

Memorandum to: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of vacancy in advisory or consultative position.

The services of a qualified person are required for the following position in BDSA:

Consultant, Metal Cutting Machinery—GS–15, Metalworking Equipment Division

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time salaried basis.

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(Date) (Director of Personnel)

POLICY AND REGULATIONS APPLICABLE TO WOC EMPLOYMENT

1. So far as possible, operations under the Defense Production Act shall be carried on by full-time, salaried employees of the Government, and appointments under this authority shall be to advisory or consultative positions only.

2. Appointments to positions other than advisory or consultative may be made under this order only when the requirements of the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time salaried basis.

3. In the appointment of personnel and in assignment of their duties, the head of the department or agency involved shall take steps to avoid, to as great an extent as possible, any conflict between the governmental duties and the private interests of such personnel.

4. The requirements of the position must be such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time salaried basis. If the duties of the proposed employee are of an operating (as opposed to an advisory or consultative) nature, appointment may be made only after the Secretary of Commerce certifies that the duties require the outstanding experience and ability possessed by the proposed appointee, and that such experience and ability are not obtainable on a full-time salaried basis.

5. The position involved must be classified at grade GS–15 or above.

6. The proposed WOC employee must have an outside income in excess of $10,000 per annum and he must specify that he wishes to be employed without compensation.

7. Non-Government employment of employees-without-compensation should be of such character as will not prove embarrassing to the authority or raise question that information gained through official means is being utilized for advancement of the employee's or his friends' private interests.

8. Appointment to a position without compensation does not prevent acceptance of appointment to another Government position to which compensation is attached. However, such other employment should not be incompatible with service required under WOC appointment.

9. Persons who are paid representatives of a trade association will not be appointed on a without compensation basis.

10. A determination must be made that any person to be appointed on a WOC basis meets the following conditions:

a. Is not engaged in the practice of law;
b. Is not engaged as, or is not employed by a private consultant; or
c. Has not within 1 year prior to his proposed appointment as a WOC:
(*a*) Changed materially his nongovernmental employment, or
(*b*) Been convicted for engaging in monopolistic practices.

EXHIBIT F

DEPARTMENT OF COMMERCE,
BUSINESS AND DEFENSE SERVICES ADMINISTRATION,
December 23, 1955.

Memorandum to: Assistant Administrators, Division Directors, and Deputy Directors.

From: P. G. Asher, Director of Administration.

Subject: Processing of WOC appointments pursuant to the Defense Production Act.

Attached hereto is an interim procedure for processing of WOC appointments pursuant to the Defense Production Act. This procedure replaces the draft of the administrative instruction which was recently given to you at the staff meetings of the Assistant Administrators. Also attached is a statement of policy and regulations applicable to WOC employment. This statement of policy and regulations is an excerpt of the policy statement contained in NPA General

Administrative Instruction 204–6 and will continue to be the policy governing the employment of WOC's until such time as a revised policy statement is issued.

All future appointments of WOC's to either operating positions or consultative positions must comply strictly with this interim procedure. In addition, it will be necessary to complete the information required by this procedure as quickly as possible in connection with the appointments of WOC employees in process at the present time.

The Assistant Attorney General, Antitrust Division, has also ruled that the requirements of Executive Order 10647 (the requirements set forth in the attached procedure) must be complied with on the appointment of all WOC employees now on the rolls appointed since August 1, 1955. Accordingly, you should proceed immediately to prepare the necessary statements in connection with those employees. It is my understanding that the Civil Service Commission plans to conduct an audit pursuant to Executive Order 10647 early in January. It is, therefore, of the utmost importance that we complete all of the documents required by Executive Order 10647 as soon as possible.

EXHIBIT G

DEPARTMENT OF COMMERCE,
OFFICE OF PERSONNEL MANAGEMENT,
Washington 25, D. C.

EXEMPTIONS FROM CERTAIN CONFLICT OF INTEREST STATUTES

In accordance with section 710 (b) of the Defense Production Act as amended, the President, by Executive Order 10647, has provided that persons employed under that section shall be exempted from certain conflict of interest statutes (namely, secs. 281, 283, 284, 434, and 1914 of title 18, U. S. C., and sec. 190 of the Revised Statutes (5 U. S. C. 99)), except in certain cases as specified below.

Accordingly, as an employee appointed under section 710 (b) of the Defense Production Act of 1950, as amended, you are exempted from the operation of the statutes mentioned in the preceding paragraph except as follows:

1. Your exemption does not extend to the negotiation or execution of Government contracts with your private employer or with any corporation, joint stock company, association, firm. partnership, or other entity in the pecuniary profits or contracts of which you have any direct or indirect interests.

2. Your exemption does not extend to making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by your private employer or by any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which you have any direct or indirect interest.

3. Your exemption does not extend to the prosecution by you, or participation by you in any fashion in the prosecution, of any claims against the Government involving any matter concerning which you had any responsibility during this employment, during the period of such employment and the further period of 2 years after the termination of such employment.

4. Your exemption does not extend to the receipt or payment of salary in connection with your Government service under this employment from any source other than your private employer at the time of this appointment.

Receipt of a copy of this notice is hereby acknowledged.

(Signature) (Date)

EXHIBIT H

UNITED STATES OF AMERICA, DEPARTMENT OF COMMERCE

MANUAL OF ORDERS—PART 1

Department Order No. 77 (amended).
Date of issuance: August 5, 1955.
Effective date: August 5, 1955.
Subject: Conflicts of interest and private business activities of officers and employees.

SECTION 1. PURPOSE

.01 The purpose of this order is to outline the applicable statutory limitations and the regulations of the Department with regard to conflicts of interest and private business activities of officers and employees, thus providing (1) guidance to enable them to protect the good name of the Department, their associates, and themselves for integrity and fairness in carrying out the official business of the Department, and (2) a system of regulation which can be administered intelligently and flexibly by the head of each bureau.

.02 The Agency Inspection Staff established by Department Order No. 158, is intended to help achieve this purpose, and all employees are urged to cooperate with the Agency Inspection Staff to the maximum extent.

SECTION 2. POLICY OF THE DEPARTMENT

01. *Public Trust.*—A public office is a public trust. No public officer can lawfully engage in business activities which are incompatible with the duties of his office. He cannot, in his private or official character, enter into engagements in which he has, or can have, a conflicting personal interest. He cannot allow his public duties to be neglected by the reason of attention to his private affairs (40 Op. A. G. 187, 190). The foregoing principles are applicable to all employees of the Department as well as to all officers of the Department, together with the more detailed statutory and regulatory limitations set forth in this order. In effect, these statutory and regulatory limitations do not add to the substance of the foregoing principles, but rather spell them out and are included in this order to provide further guidance based on past experience.

.02 *Special Relationship to the Business Community.*—The close and sensitive relationship between the Department of Commerce and the Nation's business community calls for special vigilance on the part of all officers and employees to avoid even any appearance of impropriety. The regulations set forth in this order have been adopted in order to promote the efficiency of the service in the light of the particular ethical and administrative problems arising out of the work of the Department.

03. *Limitations on Private Business Activities or Interests.*—It is the policy of the Department to place as few limitations as possible on private business activities or interests consistent with the public trust and the effective performance of the official business of the Department. There is no general statutory or regulatory limitation on the conduct of private business activities for compensation by officers or employees of the Department, when the private activity is not connected with any business of the Government with which the employee may have a relationship by reason of his Government position. When the private business activity does not touch upon some such interest, it may be conducted if it falls outside the statutory limitations and regulatory limitations set forth in or pursuant to this order.

SECTION 3. STATUTORY LIMITATIONS

.01 Certain statutory limitations relating to private business activities for compensation, salaries from other sources, and gratuities which have Departmentwide application are cited and summarized in this section and are hereby adopted as administrative regulations of the Department. In case of doubt on any question of statutory application, the officer or employee should consult the text of the statute itself and should rely on legal counsel.

1. Title 18, U. S. C., section 216, prohibits any officer or employee of the United States from receiving any consideration for procuring any contract with the United States.

2. Title 18, U. S. C., section 434, prohibits anyone who is an officer, member, or agent of any private concern, or who is directly or indirectly interested in its pecuniary profits or contracts, from acting on behalf of the United States in transacting business with the concern.

3. Title 18, U. S. C., section 281, prohibits any officer or employee from receiving or agreeing to receive, any compensation for any services rendered by himself or another in relation to any proceeding, contract, claim, controversy, charge, or other matter in which the United States is directly or indirectly interested before any executive agency of the Government.

4. Title 18, U. S. C., section 283, prohibits any officer or employee from acting as agent or attorney, or assisting, in the prosecution of any claim against the United States.

5. Title 18, U. S. C., section 284, prohibits former officers and employees within two years after their employment by the United States Government ceases, from prosecuting, or from acting as counsel, attorney, or agent for processing, any claim against the United States involving any subject matter directly connected with which such person was employed or performed duty.

6. Title 5, U. S. C., section 99, prohibits officers and employees from prosecuting any claim against the United States which was pending in any of the Departments during their employment, and prohibits them from aiding in the prosecution of such a claim for two years after such employment.

7. Title 18, U. S. C., section 1914, prohibits any Government official or employees from receiving any salary for the services performed by him for the Government of the United States from any source other than the Government of the United States, except as may be contributed out of the treasury of any State, county, or municipality.

8. Title 18, U. S. C., section 202, provides that any officer or employee who asks, accepts, or receives any bribe with intent to have his decision or action on any question, matter, cause, or proceeding which may at any time be pending, or which may by law be brought before him in his official capacity, or in his place of trust or profit, influenced thereby, shall be fined not more than three times the amount of money or value of the thing so asked, accepted or imprisoned not more than three years, or both, and shall forfeit his government position and thereafter be disqualified from holding any office of honor, trust, or profit under the United States.

.02. Some of the statutes described in Section 3.01 apply only partially to certain persons employed under section 710 (b) of The Defense Production Act of 1950, as amended (50 U. S. C. App. 2160 (b) ; Executive Order No. 10182 as amended by Executive Order No. 10205).

SECTION 4. REGULATORY LIMITATIONS

.01 The regulatory limitations set forth in this section cover private business transactions or private arrangements for personal profit including economic interests, and private speaking, writing, teaching and consultative services.

1. *Gratuities.*—No officer or employee of the Department may, either individually or as a member of a group, directly or indirectly, ask, accept, or receive any gift, favor, service, loan or entertainment, which might reasonably be interpreted as tending in any degree to influence the performance of his official duties, from any person whom he may reasonably expect to be affected by the performance of his official duties, or with whom he has had, or reasonably may expect to have official relations.

2. *Interference with duties.*—No officer or employee of the Department may engage, directly or indirectly, in any private business transaction or private arrangement for personal profit which tends in any way and/or in any substantial degree to interfere with the performance of his duties in the Department.

3. *Discredit, criticism, or embarrassment to the Department.*—No officer or employee of the Department may engage, directly or indirectly, in any private business activity or private arrangement for personal profit which may reasonably be expected to reflect discredit on the Department or become a source of criticism or embarrassment to the Department.

4. *Capitalization of official position, information, or resources.*—No officer or employee of the Department may engage, directly or indirectly, in any private business transaction of private arrangement for personal profit which involves or permits the capitalization of his official title, by himself or others, or which may reasonably be construed by the public as accruing from, being based upon, or utilizing, his official position or authority, or resources or information not available to the general public, to which he has access by reason of his position or authority. (With regard to use of official title in speaking, writing, or teaching, see Section 6.03 3)

5. *Prejudice to impartial judgment.*—No officer or employee of the Department may engage, directly or indirectly, in any private business activity or private arrangement for personal profit which may reasonably be expected to result in a conflict of interest which would tend to prevent him from exercising impartial judgment on behalf of the Department.

6. *Disqualification when impartial judgment may be prejudiced.*—No officer or employee of the Department may participate in or attempt to influence in any way, directly or indirectly, any official transaction, or nego-

tiations relating thereto, or decision which affects chiefly any private person or organization (1) by whom he has been employed or with whom he has had any substantial economic interest within two years prior to the time of such transaction of business, (2) with whom he has any substantial economic interest at the time of such transaction or decision, or (3) with whom he has arranged or is negotiating for subsequent employment or business relations, except with express prior authorization as provided for in Section 6.

7. *Disclosure of commercial or economic information.*—No officer or employee of the Department may divulge any restricted commercial or economic information to any unauthorized person; release any commercial or economic information in advance of the time prescribed for its authorized issuance; or make use of, or permit others to make use of, any commercial or economic information for private purposes on a basis of advantage not available to the general public.

8. *Speculation.*—No officer or employee of the Department may participate directly or indirectly in any transaction concerning the purchase or sale of corporate stocks or bonds or commodities for speculative purposes, as distinguished from bona fide investment purposes (Federal Personnel Manual, C2–26).

9. *Representation of non-Governmental interests by current employees.*—No officer or employee of the Department may represent any non-governmental interest in any matter which involves any case or matter about which such person has acquired knowledge, or has taken, or may take action in connection with his official duties.

10. *Transaction of business with persons who "Change Sides."*—No officer or employee of the Department shall transact official business with any person who during or within two years after his employment by the United States Government is known, or reasonably believed to be, representing any non-governmental interest in any specific case or matter about which such person has acquired knowledge or has taken action in connection with his official duties, except after prior authorization as provided for in Section 6.

11. *Utilization of Government time or resources.*—No officer or employee shall utilize, or permit others under his control to utilize, Government time or resources, directly or indirectly, for any activity other than (1) official business, or (2) an activity authorized as provided for in Section 6.

12. *Instruction for a Civil Service examination.*—No officer or employee of the Department may instruct, directly or indirectly, or be concerned in any manner with the instruction of, any person or class of persons with a view to their special preparation for a civil service examination (Executive Order No. 9367).

13. *Contracts between the Government and its employees.*—No officer or employee of the Department may enter into a contract with the Government, except after prior authorization, as provided for in Section 6. (See Comptroller General's ruling in 27 Comp. Gen. 735, 736.)

SECTION 5. SUPPLEMENTARY REGULATIONS OF PRIMARY ORGANIZATION UNITS

.01 Each primary organization unit is hereby authorized and directed to prescribe, after clearance with the Director of Agency Inspection, such additional regulations not inconsistent with this order as may be necessary to effectuate the general purpose of this order in the light of their individual operating requirements, including but not limited to pertinent statutory provisions, such as: 35, U. S. C. 4 (Patent Office); 49 U. S. C. 421 (Civil Aeronautics Administration); 46, U. S. C. 1111 (b) (Maritime Administration); and certain provisions of the Defense Production Act of 1950 (Business and Defense Services Administration and any other primary organization unit affected).

.02 Such regulations shall have the same force and effect, and involve the same penalties, as restrictions and requirements set forth in this order.

SECTION 6. ADMINISTRATION

.01 *Indirect activity.*—The administrative regulations of this order, both the statutory provisions adopted as administrative regulations in Section 3 and the regulations in Section 4, together with the responsibility for obtaining prior authorization in accordance with this section, apply equally when the private activity is undertaken by any other person acting for or in concert with an officer or employee of the Department.

.02 *Responsibility of officers or employees.*—Unless the proposed activity clearly does not involve any question relating to a limitation or requirement set forth in or pursuant to this order, it is the personal responsibility of each officer or employee who undertakes any form of nonofficial or private activity or arrangement for profit to ascertain that his activity or arrangement for profit is permissible under this order. To ascertain this point, he should obtain written prior authorization of the activity as provided for in this section. Each employee granted such authorization is responsible for confining such activity or arrangement to the scope and intent of the authorization. If circumstances change, or the nature or extent of the activity or arrangement changes in such manner as to involve the possibility of a violation of a limitation or requirement prescribed in or pursuant to this order, the officer or employee is responsible for obtaining further written prior authorization before continuing in the activity or arrangement.

.03 *Authorizations.*—All requests for authorizations required under Section 4, or made by an officer or employee in accordance with this Section, shall be addressed to the head of the primary organization unit concerned, or his designated representative. When granted, authorizations will be in writing and a copy of each authorization will be filed in the employee's official personnel file.

1. In case of doubt, or upon the request of an officer or employee concerned, cases or questions will be forwarded to the Director of Agency Inspection for decision.

2. Where an activity requested to be authorized can be conducted as official business, it shall not be authorized as a private activity, but rather must be conducted as official business. If an activity has some of the characteristics of official business and some of the characteristics of private business, and if it is not practicable to keep official business separate from private business, it shall be classified for the purposes of this order as private business.

3. Where authorizations involve speaking, writing, or teaching, use of the official title of an officer or employee for identification purposes may be authorized, provided the officer or employee makes it clear that his statements and actions are not of an official nature.

4. If an authorization has been granted for a specific activity or arrangement, and the activity or arrangement is subsequently deemed to constitute a violation of the limitations or requirements prescribed in or pursuant to this order, the officer or employee concerned shall be notified in writing of the cancellation of the authorization and shall modify or stop the activity involved.

.04 *Violations.*—Violation of or failure to comply with any limitation or requirement set forth in or pursuant to this order will be cause for disciplinary action, ranging from warning to removal, in accordance with the gravity of the offense.

.05 *Responsibility of Heads of Primary Organization Units.*—

1. Heads of primary organization units and their designated representatives are responsible for enforcement of the requirements set forth in this order.

2. As soon as practicable after issuance of this order, heads of primary organization units shall undertake a systematic review of activities and interests within the purview of this order and take such action as may be necessary to result in compliance with this order.

3. Questionable cases may be referred to the Director of Agency Inspection for decision.

.06 *Interpretations and Exceptions.*—

1. Questions relating to the interpretation of this order should be referred to the Director of Agency Inspection for clarification or decision.

2. Within the limits of administrative discretion permitted to the Department, exceptions to the provisions of this order may be granted from time to time in unusual cases by the Director of Agency Inspection, whenever the facts indicate that such an exception would promote the efficiency of the service. Each request for such an exception shall be submitted in writing to the head of the primary organization unit concerned, or his designated representative, and shall contain a full statement of the justification for the request. Such requests shall be forwarded to the Director of Agency Inspection by the head of the primary organization unit concerned, or his designated representative.

SECTION 7. EFFECT ON OTHER ORDERS

.01 This order supersedes Department Order No. 77, dated June 27, 1947, Administrative Order No. 202–26 (Amended), dated September 11, 1950, and Administrative Circular No. 113, dated December 22, 1950.

.02 Any other orders or parts of orders, the provisions of which are inconsistent or in conflict with the provisions of this order, are hereby amended or superseded accordingly.

SINCLAIR WEEKS, *Secretary of Commerce.*

[Transmittal letter dated January 25, 1956]

UNITED STATES CIVIL SERVICE COMMISSION

July 1 to December 31, 1955

WASHINGTON, D. C.

PERIODIC SURVEY OF APPOINTMENTS UNDER AUTHORITY OF THE DEFENSE PRODUCTION ACT AND EXECUTIVE ORDER 10647

REPORT OF SURVEY UNDER PARAGRAPH 710 (B) (7) OF THE DEFENSE PRODUCTION ACT AND SECTION 350 (A) OF EXECUTIVE ORDER 10647

INTRODUCTION

The Defense Production Act of 1950 as amended by Public Law 295, 84th Congress, and Executive Order 10647 signed by President Eisenhower on November 28, 1955, require the Chairman of the Civil Service Commission to survey appointments made under the authority of subsections 710 (b) and 710 (c) of the act and to report his findings to the President and to the Joint Committee on Defense Production. Public Law 295 was approved on August 9, 1955, but its provisions became effective as of the close of July 31, 1955.

The first survey by the Chairman of the Civil Service Commission would ordinarily have covered the 3-month period beginning August 1, 1955, and ending October 31, 1955. However, the Civil Service Commission and the other interested agencies were aware of the preparation of an Executive order, necessitated by the change in the legislation, further controlling the employment of experts and consultants under the Defense Production Act and providing guidelines to the Chairman of the Civil Service Commission as to the scope and content of such surveys. This survey report was therefore delayed pending the issuance of the Executive order. Executive Order 10647 was issued by President Eisenhower on November 28, 1955. The Executive order provided that all persons previously appointed under Executive Order 10182, as amended, who were still employed on the date of this Executive order, should be deemed for all purposes to have been appointed under this order and to be subject to its provisions. Thirty days from the date of the order were allowed for the filing of the statements required under subsections 302 (a) and 302 (b). The Department of Justice has ruled that sections 301 (a) and (b) do not apply to appointments made prior to August 1, 1955. This period allowed by the President for compliance led us to delay completion of the survey until after the 30 days had elapsed. The following survey report therefore covers appointments made under Executive Order 10182 for the period July 1 through July 31, 1955, and appointments made under the amended Defense Production Act and Executive Order 10647 for the period August 1 through December 31, 1955. These surveys will hereafter be made and reported upon a quarterly basis; the next report will cover the quarter ending March 31, 1956.

While there were a large number of WOC's separated from July 1 through December 31, 1955, it is also true that there were substantial reasons for this action.

A high percentage of WOC's, who at some period in the past had been called for duty, were carried on agency rolls on a standby basis just in the event they might be needed again. Agencies were reluctant to remove such individuals from the rolls because they had gone through all the clearance procedures with regard to these individuals and it was much easier to keep them on a standby basis than to again clear them in the event of future need. The amendment of the Defense Production Act with its requirement that these individuals and the agencies file

much more elaborate statements with the Federal Register created two additional reactions:

First, the agencies reviewed their lists of standby appointees and eliminated many for whom they had no immediate need.

Second, many individuals on the rolls prior to the establishment of the new requirements did not elect to stay on the rolls and file the detailed and elaborate statements required by the amended act.

Many of these individuals either resigned or were in the process of submitting their resignations at the time of the attached survey. In the cases of those where the resignation processes had not been completed at the cutoff date, their names are given in the survey in compliance with section 304 of Executive Order 10647 as being in technical violation of its provisions. In those instances, this should not be construed as any reflection either upon the individual named or upon the agency.

The enactment of the amendments to the Defense Production Act, Public Law 295, and the provisions contained therein authorizing the President to establish and train a nucleus executive reserve for employment in executive positions in Government during periods of emergency, eliminated the necessity for holding many of the former WOC's on a standby basis. The acceptance by the Congress of the reserve program provided adequately for the maintenance of an active group that would be available in an emergency and permitted agencies to remove those WOC's from the rolls who had been carried as a part of the pilot program for such an executive reserve.

Statistical Summary

I. Appointees without compensation

Agency	WOC's under Executive Order 10182 on rolls July 1, 1955	WOC's appointed July 1–Dec. 31, 1955	WOC's separated July 1–Dec. 31, 1955	WOC's on rolls Dec. 31, 1955	Number in advisory positions	Number in other than advisory positions
Commerce	158	19	139	38	13	25
Office of Defense Mobilization	101	12	49	64	62	2
Interior	37	0	36	1	0	1
Defense:						
Office of Secretary	2	0	2	0	0	0
Army	23	2	1	24	24	0
Air Force	1	4	1	4	4	0
General Services Administration	3	0	2	1	1	0
Interstate Commerce Commission	5	0	0	5	5	0
Total	330	37	230	137	109	28

II. Consultants and experts, WAE, not to exceed $50 per day

Agency	WAE's on rolls July 1, 1955	WAE's appointed, July 1–Dec. 31, 1955	WAE's separated July 1–Dec. 31, 1955	Total WAE's on rolls as of Dec. 31, 1955
Commerce	11	1	0	12
Office of Defense Mobilizatiou	42	15	0	57
Interior	2	5	0	7
Defense Department:				
Office of Secretary	2	0	0	2
Army	0	64	0	64
Air Force	0	0	0	0
General Services Administration	13	0	8	5
Interstate Commerce Commission	5	0	0	5
Total	75	85	8	152

Summary by Agencies

COMMERCE

On July 1, 1955, the Department of Commerce had 158 appointees on the rolls under section 710 (b) of the Defense Production Act and Executive Order 10182. Between July 1 and December 31, 1955, there were 19 new appointments and 139 separations so that as of December 31, 1955, just 38 individuals were carried on a WOC basis under the authority of the Defense Production Act. All of these separations occurred between August 1 and November 28. The Department has failed to comply with the requirements of Executive Order 10647 in certain respects, and these ommissions are detailed below.

The four-point certification required by section 301 (a) of Executive Order 10647 was made for all WOC appointees between Augnst 1 and December 31, 1955. The certification also appears in the personnel folder of each WOC employee on the rolls as of December 31, 1955.

With two exceptions, there is a detailed and satisfactory position description in the folder of each WOC appointee which is acceptable as the validating statement on point No. 1 of 301 (b).

However, points 2, 3, and 4 of 301 (b) were not validated in any of the personnel folders inspected for appointments made between August 1 and December 31, 1955. There were 20 such cases. The agency is placing this material in its files as quickly as it can be secured.

Information required by sections 302 (a) and (b) had been published in the Federal Register for all WOC appointees, as of the date of the inspection, with the exception of Ray W. Ireland. The statement for Ray W. Ireland was published on January 7, 1956.

The Department has done a complete and effective job, on the whole, in developing operating procedures and written instructions covering WOC appointments. The written instructions and related forms developed by the Department cover (1) a signed agreement by each prospective appointee that he will comply with the requirements of the Executive order on listing of financial assets, (2) a form recording statement of financial interests, (3) a form listing changes in financial interests, (4) a four-point certification form to cover the requirements of section 301 (a), (5) waiver of compensation form, and (6) a form to be signed by appointee covering exemptions from certain conflict of interests statutes.

Each of the position descriptions reviewed for WOC appointees clearly sets forth the restrictions imposed by the Department which limit the appointee to advice on policy matters but no responsibility for policy decisions. There is attached a complete set of Department forms and written instructions on WOC appointments.

At a meeting on January 6, 1956, we discussed with personnel officials techniques to obtain expeditious civil service clearance on requests for certification to those positions in Business and Defense Services Administration which are contemplated for filling by WOC appointees. This discussion was aimed at meeting the Department's responsibility for the validation statement to support the Department's certification that it was not able to obtain a person with the necessary qualifications on a full-time salaried basis.

On July 1, 1955, the Department of Commerce had 11 appointees on its rolls under the authority of section 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10182. There was just one additional appointment in the 6-months' period between July 1, and December 31, 1955. The folders of all 12 appointees were reviewed. All were found to be qualified and to be properly serving in consultant positions.

OFFICE OF DEFENSE MOBILIZATION

On July 1, 1955, the Office of Defense Mobilization had 101 appointees on the rolls under section 101 (a) of Executive Order 10182. In the period between July 1 and August 1, 1955, six additional appointments were made under the provisions of the old Executive order. Between August 1, the effective date of Public Law 295, the amended Defense Production Act, and November 28, 1955, the date of Executive Order 10647, six additional appointments were made. Between July 1, and August 1, 1955, two WOC consultants were separated. Between August 1 and November 28, 1955, an additional 18 were separated, and between November 28 and December 31, 1955, 29 more were taken from the rolls. Therefore, as of December 31, 1955, the Office of Defense Mobilization had a total of 64 persons serving without compenstation under the provisions of the Defense

Production Act. None of the six individuals appointed between August 1 and November 28, 1955, were removed.

A review of the individual files indicated that all of the 64 individuals who were on the rolls as of December 31, 1955, had filed the financial statements required by sections 302 (a) and (b) of the Executive order. The files also contained the written certification by the head of the agency, required by section 301 (a) of the Executive order, as well as the supporting statements required by section 301 (b). These statements were reviewed and adequately covered the required points.

Appointments made under the authority of subsection 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10647 were also reviewed. These are appointments of experts and consultants at not to exceed $50 per day. A review of the file in each of these cases indicated that the individuals had been appointed to expert and consultant positions and that each of the appointees was qualified for such appointment, except in one case. We are giving this case further review and will advise the agency of our findings.

With regard to our inquiry as to steps taken to insure that WOC employees are used in an advisory capacity only in connection with policy decisions, we were advised that the Director of the Office of Defense Mobilization has stated repeatedly in his staff meetings that WOC employees are to be used in an advisory capacity only in connection with policy decisions. Where there is any doubt in a particular case, the Director has instructed Assistant Directors and staff unit heads to bring the case to his personal attention for decision. In addition, the Director personally authorizes all WOC appointments. Before authorizing the appointment of WOC personnel, he questions closely the duties that will be performed and makes sure that personnel appointed as WOC's are to be used in an advisory capacity only.

The Office of Defense Mobilization, in order to avoid conflict between interests of private individuals and Government, has all actions reviewed for possible conflict of interests by the personnel office, after which the actions are reviewed for the same purpose by the General Counsel's office. Recommendations are then made to the Director as to whether he should approve or disapprove the appointment from a conflict-of-interest standpoint. In the period November 28 to December 31, 1955, there were 29 separations of WOC employees in this agency. All of these employees had been appointed prior to August 1, 1955. Statements were not filed with the Federal Register with regard to any of these 29 individuals who were separated during the 30-day compliance period authorized by the Executive order.

The Office of Defense Mobilization gave us the following reasons for this procedure:

"There were a number of different reasons for terminations during that period, such as refusal of the employee to file, failure to file by the date required, no anticipated need for advisory services in the near future, and conclusion of the part-time assignment for which they had been employed. No attempt was made to secure financial statements from WOC's terminated prior to December 28, since the only remedy for failure to file on the due date was termination of the WOC employment. If the occasion should arise for future services of any person whose WOC appointment has been terminated, he will be required, of course, to file a statement at that time. Of the 29 separated, 20 were never in a duty status after November 28. The remaining 9 were in duty status only 1 day."

INTERIOR

On July 1, 1955, the Department of the Interior had on its rolls 37 appointees under section 710 (b) of the Defense Production Act. Between August 1 and November 28, 1955, 36 of these WOC employees were separated so that on November 28, 1955, there was only 1 employee on the rolls under this authority. No new appointments were made under the provisions of the Defense Production Act during this 6-months' period.

In the case of the one individual who was still on the rolls as of December 31, 1955, it was found that all of the provisions relating to material to be published by the Federal Register had not been met. The 4-point certification and the supporting statements required by sections 301 (a) and (b) of the Executive order were in the file and adequately covered the required points.

During the 6-month period between July 1 and December 31, 1955, the Department of the Interior appointed five consultants and experts under the provisions

of section 710 (c) of the Defense Production Act and Section 101 (b) of Executive Order 10647. Two such employees previously on the rolls were continued during this period. An examination of the files in each of these cases indicated that these individuals are serving in consultant and expert positions, are properly qualified for these positions, and have not violated the 1-year time limit covering such appointments.

DEPARTMENT OF DEFENSE

Office of the Secretary

On July 1, 1955, the Office of the Secretary of Defense had two individuals serving under the authority of section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10182. Both of these individuals were separated before August 1, 1955. There have been no appointments under this authority during the 6 months' period beginning July 1, 1955.

On July 1, 1955, the Office of the Secretary had two consultants and experts serving under the provisions of section 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10182. These 2 individuals were continued throughout the 6 months' period. Their files were examined and both were found to be in consultant or expert positions, and were qualified for such positions.

Army

On July 1, 1955, there were 23 individuals serving without compensation in the Department of the Army under the authority of section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10182. On July 31, 1955, one resignation was received. In the period between August 1 and November 28, 1955, two additional appointments were made. As of December 31, 1955, there were 24 individuals carried on the rolls under this authority. In our review of the files we found that the following persons failed to comply with section 302 (a) and section 302 (b) of Executive Order 19647:

Emory M. Ford
Robert J. Bowman
James S. Bush
William Means Day
Chester F. Ogden

Mr. Ford submitted his resignation, effective December 22, 1955. The Director of Personnel advised that the other WOC consultants who had not filed the material required by section 302 (b) would not be called to duty and it is expected that their resignations will be submitted in the near future.

With regard to the remaining 19 WOC's in the Department of the Army, it was found that all of the information required by section 302 (a) and section 302 (b) of the Executive order had been filed and published by the Federal Register. However, the material in the case of Benjamin B. Mathis was filed on December 30, 1955, 2 days after the specified compliance period.

The Department of the Army has issued no new regulations on the use of WOC's in an advisory capacity only in connection with policy decisions. Its instructions concerning appointments of consultants and experts are contained in Army Civilian Personnel Circular A7.6. Its provisions are as follows:

JULY 29, 1952 CPR A7.6

SECTION 6. APPOINTMENT OF CONSULTANTS AND EXPERTS

[Transmittal letter dated January 25, 1956]

	Paragraph		Paragraph
General	6–1	Department of the Army policy	6–5
Definitions	6–2	Processing appointment documents	6–6
Legal basis	6–3	Termination of appointments	6–7
Authority to appoint	6–4	Periodic submission of employment data	6–8

GENERAL

6.1. This section will govern appointments to all positions as consultants and experts where the purpose of the appointment is to secure personal services to be rendered direct to or under the direct supervision of the Department of the Army. Services of auxiliary chaplains will be obtained in accordance with AR 600–635. Where the services of a firm or corporation are to be procured or where the item desired is an end product such as completed plans or survey

reports prepared by architects or engineers, or organizations thereof, the services should be obtained under the procedure set forth in Armed Services Procurement Regulation and Army Procurement Procedure (par. 1–5b). CPR R2 contains no instructions on recruitment or selection of consultants and experts; consequently, there are no requirements to be observed except those stated in this section. These positions are not subject to either civil-service laws or the Classification Act. Consultants and experts may be employed on a full-time, part-time, or when-actually-employed basis, subject to the limitations set forth in paragraph 6–5A. CPR H2 contains instructions concerning establishment of tours of duty.

DEFINITIONS

Consultants

6.2. a. Consultants are those employees who are appointed to certain positions which involve only furnishing advice and counsel, as required, in accomplishment of certain highly specialized functions. Appointees to consultant positions may perform duties such as conferring periodically with operating officials and recommending solutions for problems of a highly technical nature, serving as technical advisers in regard to projects essential to operational activities, assisting operating officials in devising new and highly specialized methods or techniques of operations, and acting in consultative capacity as specialists in a highly technical field of knowledge. Consultants will not be assigned to operational activities except as necessary in the performance of such duties outlined above, since their function is to advise rather than to execute.

Experts

b. Experts are those employees who are appointed to positions the duties and responsibilities of which are to perform regular services of a highly technical or administrative nature essential to the accomplishment of certain specialized functions. Appointees to such positions normally will perform duties such as developing and putting into effect solutitons of operating problems of a highly technical nature, supervising the execution of highly technical functions, conducting responsible activities which are an integral part of operating procedures, and making operational decisions as specialists in a highly technical field of knowledge. Though their service normally is intermittent and not continuous, experts may have continuing operational responsibilities during each period of actual duty, since their primary function is to carry out specialized operations for which training and experience qualify them.

Consultants without compensation (WOC)

c. Consultants employed without compensation, referred to as "WOC," are those consultants who agree to serve without compensation and who sign a waiver to that effect (par. 6–6c).

LEGAL BASIS

General authority to employ consultants and experts

6–3. a. Permanent basic authority for appointment of consultants and experts is provided in section 15, act August 2, 1946 (60 Stat. 810; U. S. C. 55a), as follows:

> "The head of any department, when authorized in an appropriation or other Act, may procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract, and in such cases such service shall be without regard to the civil-service and classification laws (but as to agencies subject to the Classification Act at rates not in excess of the per diem equivalent of the highest rate payable under the Classification Act, unless other rates are specifically provided in the appropriation or other law) and, except in the case of stenographic reporting services by organizations, without regard to section 3709, Revised Statutes as amended by this Act."

Annual appropriation acts providing funds for the Department of the Army implement the above statute by permitting the employment of consultants and experts at rates of pay not in excess of $50 per diem.

Special authority under Defense Production Act of 1950

b. Section 710, Defense Production Act of 1950 (64 Stat. 819, 50 App. U. S. C. 2160), permits the employment of consultants and experts under regulations prescribed by the President, either on a per diem basis (not in excess of $50

per day) or without compensation. This authority is limited to those functions specifically authorized by the Defense Production Act of 1950 and persons so appointed are exempt from the operation of certain provisions of the Criminal Code of the United States which restricts the outside business interests and associations of Federal employees. Executive Order 10182, November 21, 1950, as amended by Executive Order 10205, January 16, 1951, prescribes the conditions under which such appointment may be made and the extent to which the statutory exemptions may be enjoyed. Officers responsible for the selection and supervision of such experts and consultants should familiarize themselves with the standards of conduct established by the President and should admonish appointees to do likewise. In summary, the President's regulations provide that—

(1) Consultants (WOC) appointed in accordance therewith are exempt from the operations of sections 281, 283, 284, 434, and 1914, title 18, United States Code, and section 190, Revised Statutes (5 U. S. C. 99), which relate, respectively, to officers and employees receiving compensation for services in conection with any proceeding or matter in which the Government is an interested party, aiding or assisting in the prosecution of any claim against the United States involving subject matter on which employed by the Government, acting as agent of the United States in dealing with any business enterprise in which the agent has a pecuniary interest, receipt of salary from a private source for services rendered to the United States, and acting as agent or attorney for a period of 2 years after termination of Federal employment in any claim which was pending in any department during the period of such employment.

(2) Consultants and experts so appointed on a compensatory basis are exempt from all of the above statutory restrictions except sections 434 and 1914, title 18, United States Code, which relate, respectively, to acting as agent of the United States in dealing with private business in which the agent has any interest and receipt of salary from a private source.

(3) The above exemptions do not extend to situations in which the consultant or expert concerned participates in an active or advisory capacity with respect to transactions between the United States and his private employer or other business entity in which he has any direct or indirect pecuniary interest. Accordingly, while many of the specific statutory restrictions referred to in AR 600–205 are waived to the extent outlined above, the standards of ethical conduct set forth in those regulations are equally applicable to consultants and experts appointed under this subparagraph. Consultants (WOC) may not receive salary or other emolument for their services to the Government from any source other than the private employer at time of appointment.

(4) Statements including the name of the appointee, type of appointment (WOC or per diem basis), title of position, and name of private employer shall be filed with the Division of the Federal Register for each appointment so made, which statements shall be open to public inspection. (This requirement will be met by the Office, Secretary of the Army, as provided in par. 6–6b.)

AUTHORITY TO APPOINT

Consultants (WOC)

6–4. a. Appointment of consulants (WOC) in either the departmental or field services and under either the general or special statutes cited above may be effected only after prior approval by the Secretary of the Army. Requests for such approval will be addressed through appropriate channels, to the Office, Secretary of the Army, Washington 25, D. C., Attn: Administrative Assistant. Each such request will be accompanied by a properly executed Application for Federal Employment (Short Form) (Standard Form 60) and will include the following information:

(1) Period of service (estimated number of working days in fiscal year on which services will be needed).

(2) Mission to be accomplished (problem to be solved, project established etc., described as specifically as possible).

(3) Field of specialized knowledge in which work is to be performed, with brief outline of his functions.

(4) Résumé of the training and experience qualifying the individual for appointment.

(5) Circumstances which make it impossible or impracticable to secure personnel of the required knowledge through regular means of recruitment, such as transfer, detail, or civil-service channels.

(6) A statement of the individual's private business interests.

Appointments to be made under Executive Order 10182, as amended, so as to secure for the appointee the benefit of the statutory exemptions provided therein, also will be supported by a certification from the head of the recommending service, army, or independent command that the appointment is necessary in order to carry out a specific function delegated or assigned to the Department of the Army under the Defense Production Act of 1950; the individual personally possesses outstanding experience or ability not obtainable on a full-time, salaried basis; and that the duties of the individual will be consultative or advisory only and will conform to the limitations outlined in paragraph 6–3b (3).

Consultants and experts

b. Authority for the appointment in the field service of consultants and experts compensated on a per diem basis who are employed pursuant to the general authority cited in paragraph 6–3a is delegated to major commands indicated in paragraph 1–2d. This authority may be redelegated to lower echelons which have demonstrated a need for consultative or expert services. Authority to appoint consultants and experts employed on a per diem basis under Executive Order 10182, as amended (par. 6–3b), is likewise delegated to major commands. This authority, however, may not be redelegated. Authority to process personnel actions, including appointments, in the departmental service for consultants and experts employed on a per diem basis pursuant to either the general or special authority cited above is delegated to major commands.

DEPARTMENT OF THE ARMY POLICY

Purpose

6–5. a. The clear purpose of both the general and the special statutory authorities to employ consultants and experts is to make available to the Department of the Army highly specialized services which normally could not be rendered by employees in classified positions. It is the policy of the Department to use this authority as sparingly as possible and to limit the employment of consultants and experts carefully to those cases in which the desired services cannot be performed by present employees of the Department and cannot be obtained through normal civil-service procedures. The appointment of consultants and experts is not authorized in order to evade civil service rules and regulations by assigning to such personnel duties which could be performed in a regularly classified position. Individuals will not be appointed as consultants or experts as a means of placing them on the payroll while action is pending on their commission as an officer or their appointment to a regular civil-service position. Persons separated from military service of civil-service positions ordinarily will not be appointed as consultants or experts to perform the same duties as those previously assigned, nor to perform duties of a continuing position required in connection with a normal activity.

Periods of service

b. Appointments of consultants and experts will be limited to the period during which the need for their services can be anticipated, but in no case beyond the end of the current fiscal year in which the appointment is made. Except in the case of auxiliary chaplains who are employed in accordance with AR 600–635, consultants and experts may serve for a period not to exceed 90 working days within any fiscal year (under either the original appointment or any extension thereof) without restriction on continuous service within that maximum. This 90-day period will be comprised of the days on which the employee actually is called to duty, without regard to hours of work performed. Any exception to this policy will be submitted to the Office, Secretary of the Army, Washington 25, D. C., Attention: Administrative Assistant, for prior approval.

PROCESSING APPOINTMENT DOCUMENTS

6–6. Although the authorizing statute specifies that services may be procured "by contract," consultants and experts who render personal services and are compensated on a time basis are "civilian employees" of the Department and are subject to the usual requirements and procedures of appointment applicable to employees appointed under schedule A authority (secs. 5 and 9).

Notification of personnel action (Standard Form 50)

a. The appointing officer will prepare Standard Form 50 effecting the action, which will serve as evidence of the contract contemplated by section 15, act August 2, 1946 (60 Stat. 810; 5 U. S. C. 44a). The title "Consultant," or "Expert," or "Consultant (WOC)," will be used to identify all such personnel. The term "Consultant to the Secretary of the Army" is to be applied only to persons actually appointed by the Secretary of the Army to serve in his immediate office or render advice and counsel to him or his staff. Authority for the appointment of consultants and experts, unless under Executive Order 10182, November 21, 1950, as amended, will be shown as "Act of August 2, 1946 (60 Stat. 806)." If appointment is made under Executive Order 10182, enter as the authority for the appointment on Standard Form 50 the specific section of the order under which the action is being taken. For consultants and experts who are compensated on a per diem basis, enter "Section 101 (b), E. O. 10182"; for consultants who are employed on a without compensation (WOC) basis, enter "Section 101 (a), E. O. 10182." A statement limiting the tenure of appointment not to exceed the end of the fiscal year in which appointed, the number of days actual service authorized, whether the consultant or expert is being appointed on a full-time, part-time, or when actually employed basis and, if a consultant (WOC), the date of the letter of authority from the Office of the Secretary of the Army will be recorded on Standard Form 50 in accordance with CPR R1.

Office, Secretary of the Army, records

b. If the appointment of a consultant or expert compensated on a per diem basis is made under Executive Order 10182, as amended, information on each appointment at the time effected will be furnished by letter with a certification to the Office, Secretary of the Army, Washington 25, D. C., Attn: Administrative Assistant. Each letter will contain the name of the appointee, his title, a brief description of the duties performed, the section of the Executive order under which appointed, the name of his private employer, and a brief description of his experience and abilities. A certification by the head of the appointing agency identical to that required for consultants (WOC) in paragraph 6–4a will be furnished with the letter. The data thus received will be maintained as the central source of information for the Civil Service Commission and for reporting to the division of the Federal Register under the terms of the Executive order (par. 6–3b (4)).

Waiver of compensation

c. Each consultant appointed without compensation will be required to sign a waiver of compensation in substantially the following form:

I, the undersigned, having made an offer of my service to the Government of the United States as (description of work) on a voluntary basis and without compensation therefore, and in consideration of the acceptance of said offer, do hereby for myself, my heirs, and assigns forever discharge and release the Government of the United States from any claims, suits, or demands which I or my heirs or assigns may, can, or shall have in connection with any volunteer services for the Government of the United States.

_____
(Signature)

_____
(Date)

_____
(Witness)

This waiver is required to protect the Government against future claims for services rendered under agreements with individuals to serve without compensation. It is authorized for use only in connection with employments of consultants (WOC). See paragraph 1–5 on the acceptance of voluntary and gratuitous services.

Extension of appointment

d. Extensions of appointments of consultants and experts will be made in the same manner as new appointments. If continuity of appointment status is desired, the action must be processed immediately after the expiration date of the prior appointment. The authorization of an extension of an appointment cannot be made retroactively effective. Standard Form 50 effecting the extension will be prepared in accordance with CPR R1. If there is any break in service be-

tween the date of expiration of appointment and date of the extension, the new action must be designated as a new appointment and not as an extension.

TERMINATION OF APPOINTMENTS

6–7. Appointing officers may terminate appointments of experts or consultants at any time prior to the end of the fiscal year. Standard form 50 will be prepared only for those cases where termination is effected prior to the end of the fiscal year, since the appointments automatically expire at the end of that period. Upon termination of appointment or expiration of authority without authorization extension, the official personnel folder for the consultant or expert affected will be transmitted to the Federal Records Center, General Services Administration, 1724 Locust Street, St. Louis 3, Mo., as prescribed in CPR R1.

PERIODIC SUBMISSION OF EMPLOYMENT DATA

Consultants, experts, and consultants (WOC) appointed under act August 2, 1946

6–8. a. The Office of Civilian Personnel, Office Secretary of the Army, will make informal periodic requests to major commands for the submission of information on a command-wide basis relating to the employment of consultants, experts, and consultants (WOC) who are appointed pursuant to the act August 2, 1946. Such requests will be made at least once annually, but may be more often if need for such information arises. Accordingly, major commands should maintain in readily available form such information as is indicated below.

(1) Name of each consultant, expert, and consultant (WOC) on rolls during reporting period.

(2) Designation (either consultant, expert, or consultant (WOC)).

(3) Per diem rate of pay (excluding consultants (WOC)).

(4) Number of days of service rendered during reporting period (comprises all days on which called to duty without regard to hours of work performed).

(5) General statement of the types of projects on which consultants and experts were engaged during the reporting period, with a brief résumé of the duties performed under each project.

Report of consultants, experts, and consultants (WOC) appointed under Executive Order 10182, as amended (Defense Production Act of 1950) (Reports Control Symbol USCSC–1011)

b. Section 304, Executive Order 10182, specifies—

At least once every 3 months, the Chairman of the United States Civil Service Commission shall survey appointments made under this order and shall report his findings to the President and make such recommendations as he may deem proper.

In order to comply with this requirement, continental and oversea commands which employ consultants, experts, or consultants (WOC) under Executive Order 10182, as amended, will furnish to the Office, Secretary of the Army, Washington 25, D. C., attn: Administrative Assistant, the information specified below on a commandwide basis. This report will be made quarterly and will be forwarded to reach the address specified not later than the 10th of the month following quarterly periods ending on the last day of April, July, October, and January.

(1) A listing of all consultants, experts, and consultants (WOC) who were on the rolls during the reporting quarter.

(2) The date of each appointment, the section 101 (a) or 101 (b) of the order under which appointed, and the title of the position to which appointed.

(3) The total number of days the employee served during the reporting quarter and, in the case of per diem employees, the per diem rate of pay.

During the period of July 1 to August 1, 1955, the Department of the Army appointed 60 consultants and experts under the provisions of section 101 (b) of Executive Order 10182 and section 710 (e) of the Defense Production Act. Three additional appointments were made between August 1 and November 28, and one appointment was made between November 28 and December 31, 1955. Therefore, as of the close of the 6-month period covered by this survey, there were 64 consultants and experts serving in the Department of the Army under this authority. The files were reviewed in the 64 cases and it was found that in every instance the individual was properly serving in a consultant or expert position and that each was qualified for the position.

DEPARTMENT OF DEFENSE

Air Force

On July 1, 1955, the Department of the Air Force had one individual serving under the authority of section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10182. Between August 1 and November 28, 1955, 4 additional appointments were made and 1 separation occurred. No appointments were made between November 28, and December 31, 1955, so that as of the close of the 6-month period there were 4 individuals serving under this authority. These cases were reviewed in de tail and it was found that the files contained adequate statements by the agency as to the certification required by section 301 (a) of the Executive order, as well as the additional requirements of section 301 (b). It was also found that there was full compliance with regard to the material required to be filed with the Federal Register under sections 302, (a) and 302 (b) except that in the cases of John W. Eaehren, Herman W. Bevis, Robert M. Trueblood, and John B. Inglis, the material was filed with the Federal Register on December 29, 1955, 1 day after the specified 30-day compliance period.

Air Force Regulation No. 30–30 contains the general standards of conduct relating to conflict between private interest and official duties. A copy of this regulation is given to each appointee. Since the Air Force uses individuals appointed without compensation in advisory capacities only, and has no such individuals in operating positions, the question of their acting in policy matters does not arise. The contents of Air Force Regulation No. 30–30 are as follows:

AIR FORCE REGULATION No. 30–30

AFR 30–30[1]
1–2

DEPARTMENT OF THE AIR FORCE,
Washington, March 19, 1953.

PERSONNEL

General Standards of Conduct Relating to Conflict Between Private Interests and Official Duties

	Paragraph
Purpose and scope	1
Statutory provisions	2
Conflicts of interest	3
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1. Purpose and scope

To prescribe the standards of conduct relating to conflict between private interests and official duties, required of all military and civilian Air Force personnel, regardless of assignment; and to, more specifically, set forth:

a. Prohibitions against certain activities of present and former Air Force personnel, including retired officers, involving a conflict between private interests and official duties;

b. Rules against acceptance of gratuities by Air Force personnel;

c. Rules concerning the safeguarding of procurement information.

This regulation also contributes to the purpose described in a above, by insuring that personnel of the Air Force are not knowingly transacting business with persons who are within statutory prohibitions or under circumstances where there may be a possible conflict of interest between governmental duties and private affairs.

2. Statutory provisions

a. Criminal statutes relating to Air Force personnel. The following activities may subject Air Force personnel to criminal penalty under the statutes cited:

(1) Asking, accepting, or agreeing to receive as a bribe or graft, directly or indirectly, any money, contract, or other thing of value, with the intent to have any of their official decisions or actions influenced thereby, or for

[1] This regulation supersedes AFR's 30–30, Nov. 9, 1951, and 70–5, July 1, 1948.

giving to, or procuring or aiding to procure for any peson, a Government contract (18 U. S. C. 202 and 216).

(2) Receiving or agreeing to receive, directly or indirectly, compensation for services rendered by themselves or another in relation to any proceeding, contract, or claim before any department or agency where the United States is directly or indirectly interested (18 U. S. C. 281).

(3) Acting as agent or attorney in prosecuting any claim against the Government or assisting in the prosecution of any such claim otherwise than in the proper discharge of official duties (18 U. S. C. 283).

(4) Transacting business as officers or agents of the United States with any corporation, firm, or partnership in the profits of which they are directly or indirectly interested (18 U. S. C. 434).

(5) Receiving from any source other than the Government any compensation in connection with their Government services (18 U. S. C. 1914).[2]

(6) Soliciting, accepting, or offering to accept any commission, payment, or gift in connection with the procurement of equipment, materials, or services under the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1584).

b. Statutes relating specifically to former personnel:

(1) It is unlawful for former personnel, within 2 years after their incumbency, to prosecute or to act as counsel, attorney, or agent for prosecuting, any claim against the United States which involves any subject matter directly connected with which such persons were employed or performed duty (18 U. S. C. 284).

(2) It is unlawful for former personnel, within 2 years after the termination of their incumbency, to solicit, accept, or offer to accept any commission, payment, or gift in connection with the procurement of equipment, materials, or services under the Mutual Defense Assistance Act of 1949, as amended (22 U. S. C. 1584). It should be noted that this provision does not apply to any person solely by reason of his having served on active duty, or active duty for training, as a member of a Reserve component during the preceding 2 years (Armed Forces Reserve Act of 1952, sec. 804 (b)).

c. Statutory provisions specifically applicable to retired Regular officers. Retired officers are "officers of the United States" for the purpose of bringing them within the statutes cited in a above,[3] with the exception of 18 U. S. C. 281 which exempts retired officers not on active duty from its application, provided that they may not represent any person in the sale of anything to the Government through the department in whose service they hold a retired status; and 18 U. S. C. 283 which exempts retired officers not on active duty from its application, provided that they may not prosecute a claim against the Government, within 2 years after their retirement, involving the department in which they hold retired status, or prosecute a claim involving matters with which they were directly connected while on active duty.

d. Reserve and National Guard officers. Reserve and National Guard officers not on active duty are not, by reason of their status as such, considered to be officers of the United States (10 U. S. C. 372).

3. Conflicts of interest

a. General. All Air Force personnel are bound to refrain from any private business or professional activity which would place them in a position where there is a conflict between their interests and the public interest of the United States and the Air Force. In addition, Air Force personnel will not engage in any private activity which makes possible the improper capitalization of information gained through an Air Force position. Even though a technical conflict of interest as set forth in the statutes cited in paragraph 2, may not exist, it is desirable to avoid the appearance of such a conflict from a public confidence point of view.

b. Disqualifying financial interest. In any case where Air Force personnel have any financial interest in any business entity, or have arranged or are negotiating for their subsequent employment by such entity, they are disqualified from representing the Air Force in dealings of any kind with such entity.

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[2] 18 U. S. C. 1914 has no application to inductees or reservists called into the armed services who continue to receive income from their former employers (sec. 4 (f), Universal Military Training and Service Act; 50 U. S. C. App. 454 (f)).

[3] It should be noted, however, that 18 U. S. C. 434 relates to representing the Government in transacting business with a private concern and 18 U. S. C. 1914 relates to receiving compensation from a private source in connection with services performed for the Government, and, therefor, neither of these provisions applies to a retired officer who is not representing or performing services for the United States.

c. Disqualification procedure. In any case where, in accordance with b above, Air Force personnel believe that they should be disqualified from taking action in a particular matter, they will so inform any appropriate superior and will thereupon be relieved of their duty and responsibility in that particular case. In addition, where a superior thinks any personnel responsible to him may have a disqualifying interest, he will discuss the matter with such personnel and, if he finds such an interest does exist, he will relieve the personnel of duty and responsibility in the particular case. In cases of disqualification under this paragraph, the matter will be assigned for decision and action to someone else of equal or higher rank who clearly has no conflict of interest.

4. Dealing with former military and civilian personnel

Air Force personnel will not knowingly deal with retired officers within 2 years after their retirement, or with former personnel within 2 years after such personnel have left the Air Force, where such personnel are representing any person in the prosecution of any claim against the United States involving any subject matter with which such personnel were directly connected while with the Air Force.

5. Retired Regular officers

a. Prosecution of claims. Under the statutes cited above, a retired Air Force officer may not, within 2 years of his retirement, act as an agent or attorney for prosecuting any claim against the Government, or assist in the prosecution of such a claim or receive any gratuity or any share of or interest in such claim in consideration for having assisted in the prosecution of such a claim, if such claim involves the Air Force. Nor may a retired officer at any time act as an agent or attorney for prosecuting any claim against the Government, or assist in prosecution of such claim, or receive any gratuity or any share of or interest in such a claim in consideration for having assisted in the prosecution of such claim, if such claim involves any subject matter with which he was directly connected while on active duty.

b. Selling or contracting for sale. Under the statutes cited above, no retired Air Force officer, will sell, contract for the sale of, or negotiate for the sale of anything to the Air Force. This prohibition extends beyond the mere bargaining which may precede the execution or the modification of a contract. It includes any activity on behalf of the prospective contractor which reasonably and directly is aimed toward forming the basis of a contract with the Government. However, it is not the intent of this regulation to preclude a retired officer from accepting employment with private industry solely because his employer is a contractor with the Government. Therefore, this regulation should not be construed as applicable to activities which are only remotely connected with claims or contractual matters as distinguished from direct participation in obtaining a contract with the Government on behalf of a prospective contractor.

6. Reserve and National Guard officers

a. Reserve and National Guard officers not on active duty are not, by sole reason of their status as such, considered to be officers of the United States. However, Reserve and National Guard officers on active duty are considered to be officers of the United States, and at the termination of any period of active duty, these officers become former military personnel within the meaning of paragraph 4 and the statutes set forth in paragraph 2b.

b. Reserve and National Guard officers who are receiving retirement pay are not considered to be officers or employees of the United States within the meaning of the statutes cited in paragraph 2 and, consequently, the provisions of paragraph 5 do not apply to these persons.

7. Affidavits

a. Obtaining affidavits. All retired Air Forces officers, and former personnel within 2 years after leaving the Air Force, seeking to do business with the Air Force will be required to file an affidavit stating:

(1) Their former connection with the Air Force and the date of termination thereof;

(2) The subject matter of the business they are transacting and intend to transact with Air Force personnel, and whether their duties in their former connection with the Air Force related to the same subject matter;

(3) Whether they gave any personal attention to the matters under consideration or gained any personal knowledge of the facts thereof while connected with the Government.

b. Filing affidavit. If, from the statements in such affidavit and from such other information as the Air Force may have in its possession, it appears that a violation of the policy or statutes as set forth in this regulation is not involved, the affiant will be granted clearance and the matter will be processed in the usual manner. Where a clear violation of the policy or statutes as set forth in this regulation is involved, the Air Force will withhold clearance and advise affiant that he may forward his affidavit to the appropriate major air command for further consideration.

c. Further consideration and decision. In any instance where a doubt exists concerning whether the conduct of the former Government employee is prohibited by statute or contravenes the policy set forth in this regulation, the matter will be submitted for consideration and decision to the appropriate major air command and, if considered advisable by that command, the Office of the Secretary of the Air Force.

8. Gratuities

Air Force personnel will not accept any favor or gratuity, directly or indirectly, from any person, firm, corporation, or other entity which has engaged in, is engaged in, or is endeavoring to engage in, procurement activities or business transactions of any sort with the Air Force, where such favor or gratuity might influence, or might reasonably be interpreted as influencing, the impartiality of such personnel. If they believe that an offer of a favor or gratuity may constitute attempted bribery, they will promptly report the offer to their immediate superior. The immediate superior, if he believes the offer constitutes an attempted bribe, will report it promptly to the nearest Office of Special Investigations, the Inspector General, USAF. Any question or doubt on the part of the immediate superior will be resolved in favor of referring the matter to the nearest Office of Special Investigations.

9. Safeguarding information

All contracts, specifications, records, opinions, accounts, correspondence, and other official documents and exhibits attached or pertaining thereto, and copies thereof, relating to the business transactions of the Air Force are the property of the United States. Despite the fact that such documents may not bear security classifications, they will not be given or shown to or discussed with anyone not officially entitled to them without the permission of competent authority. Particular care will be taken to avoid the disclosure of information about procurements, purchases of supplies, construction and maintenance projects, preliminary or approved project estimates, and similar procurement data in advance of the time set for their official release, or under any circumstances that might give one competitor an advantage over another. Expression of personal opinion on procurement matters, particularly if they are based on any such information, will also be avoided. (Reference is made to AFR 70–18, which establishes policies governing the release of program data and procurement information.)

By the order of the Secretary of the Air Force:

HOYT S. VANDENBERG,
Chief of Staff, United States Air Force.

Official:

K. E. THIEBAUD,
Colonel, USAF,
Air Adjutant General.

Distribution: D; X; one copy to each officer on the retired list of the Regular Air Force (distribution to be made by Headquarters USAF).

The Department of the Air Force has not employed consultants or experts during this 6 months' period under the provisions of section 710 (c) of the Defense Production Act, or section 101 (b) of Executive Order 10182 or Executive Order 10647.

GENERAL SERVICES ADMINISTRATION

On July 1, 1955, the General Services Administration had three appointees on its rolls under the authority of section 710 (b) of the Defense Production Act. Between August 1 and November 28, 1955, 2 of these individuals were separated so that as of the date of the issuance of the Executive order only 1 such individual was on the rolls. No new appointments were made between July 1 and December 31, 1955. The file on the case of one individual was reviewed and it was found that the material required by sections 302 (a) and (b) had been filed with the Federal Register.

However, this material in the case of Arthur F. Johnson was filed on December 30, 1955, 2 days after the 30-day compliance period specified by the Executive order.

On July 1, 1955, the General Services Administration had 13 appointees on its rolls under the authority of section 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10182. Eight of these appointees were separated in the period between July 1 and August 1, 1955. There were no new appointments. As of December 31, 1955, there were five individuals serving under this authority. The files of these individuals were reviewed and it was found that each was properly serving in a consultant or expert position, and all were fully qualified for the appointments they had received.

The following are the instructions issued by the General Services Administration with regard to employees without compensation:

"*Employees without compensation*

"1. *Meaning of term.*—Employees without compensation (or WOC employees) are persons of outstanding experience and ability who render free services under a formal agreement which is duly recorded. Such employees may perform special services, including services of an advisory or consulting nature, in connection with activities authorized by the Defense Production Act.

"2. *Legal authority.*—The authority to employ persons without compensation is contained in section 710 (b) of the Defense Production Act of 1950, as amended, and Executive Orders 10182 and 10205.

"3. *Employment requirements.*—The employment of persons without compensation is proper only when:

"(*a*) The duties of the position are concerned with activities authorized by the Defense Production Act;

"(*b*) The duties of the position require outstanding experience and ability;

"(*c*) The proposed appointee has the outstanding experience and ability required for the position;

"(*d*) The agency has been unable to obtain a person with the qualifications necessary for the position on a full-time, salaried basis;

"(*e*) The proposed WOC employee has specified he wishes to serve without compensation.

"4. *Periods of service.*—Appointments of persons without compensation are limited in duration only by the need for their services and the availability of qualified personnel to serve on a full-time, salaried basis.

"5. *Waiver of compensation.*—Each person appointed without compensation shall be required to sign a waiver of compensation in the following form:

"I, the undersigned, having offered my services to the Government of the United States voluntarily and without compensation, do hereby for myself, my heirs, and my assigns relieve the Government of the United States from any claims, suits, or any other demands which I, my heirs, or assigns may now or hereafter have in connection with my volunteer services for the General Services Administration.

_____
(Signature)

_____
(Date)

_____
(Witnesses)

"c. *Approvals.*—The appointments of all persons as experts, consultants, and/or employees without compensation must have the prior approval of the Administrator. All recommendations shall be submitted first to the Director of Personnel, who shall be responsible for obtaining the required security clearances and for securing the Administrator's prior approval of those actions in which the appropriate conditions have been met.

"d. *Method of appointment.*—Standard Form 50: Notification of Personnel Action, shall be used as the appointment instrument. Personal service contracts shall, under no circumstances, be utilized for the appointment of experts, consultants, or employees without compensation.

"e. *Effective date of appointment.*—The Personnel Division shall establish the effective date of appointment after all administrative approvals and all legal and regulatory requirements have been met. No employees may report for duty and no payment shall be authorized for services rendered prior to the effective date established by the Personnel Division.

"f. *Procedure for requesting appointments.*—Operating officials contemplating a need for the services of an expert or consultant (including persons to serve without compensation) shall submit the following information and documents to the Personnel Division:

"1. Standard Form 52: Request for Personnel Action. In addition to the information required in items 1 through 12, except 6B and 7, there shall be included in the remarks space of the standard form 52 (item A) the following information:

"(*a*) The duration of the assignment;

"(*b*) The tour of duty contemplated. For example, the proposed appointee's service will be required 3 days each week, 2 days a month, etc. If the appointee is to be on a regularly scheduled basis, the hours and the days he is to work each week shall be shown;

"(*c*) A brief statement of the qualifications to be required of the incumbent;

"(*d*) In those cases where the appointment is to be made under section 710 (b) or (c) of the Defense Production Act, as amended, and Executive Orders 10182 and 10205, a certification that the proposed appointee will be assigned to a position essential to the administration of the functions delegated to GSA pursuant to the act by the Executive orders;

"2. Standard Form 75, Position Description, covering the duties to be performed by the incumbent. This statement must be in sufficient detail to show whether the job is actually one requiring the services of an expert, consultant, or a person of outstanding experience and ability when the service is to be performed without compensation;

"3. Standard Form 57, Application for Federal Employment, when a specific individual is being proposed;

"These documents shall be routed through the usual administrative channels for clearance prior to submission to the Personnel Division in the same manner as all other requests for personnel action."

INTERSTATE COMMERCE COMMISSION

On July 1, 1955, the Interstate Commerce Commission had five appointees on the rolls under the authority of section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10182. No new appointments were made between the period July 1 and December 31, 1955, nor were there any separations. Our review of the files in these five cases showed that the agency and the appointee had filed the statements required by sections 302 (a) and (b) with the Federal Register.

The Interstate Commerce Commission has not issued instructions or regulations with regard to conflict between the private and public interests of appointees. Since this agency uses these WOC appointees in an advisory capacity only, the question of their participation in policy decisions does not arise.

On July 1, 1955, the Interstate Commerce Commission appointed 5 consultants at $50 per day under the provisions of section 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10182. No new appointments have been made since that date, nor have there been any separations. In reviewing the files in these five cases, we found the only statements of duties of record were very brief statements on the notification of personnel actions. None was adequate to determine that the position was that of a consultant, nor could the specific area of work to be determined. The experience records of at least two of these appointees were so brief that a determination as to qualifications could not be made. The agency has agreed to expand the statement of duties so that a determination as to whether the position is properly that of consultant or expert can be made. Agreement was also reached that the experience records would be expanded so that determinations could be made as to qualifications.

[Transmittal letter dated April 25, 1956]

UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON 25, D. C.

PERIODIC SURVEY OF APPOINTMENTS UNDER AUTHORITY OF THE DEFENSE PRODUCTION ACT AND EXECUTIVE ORDER 10647

January 1–March 31, 1956

REPORT OF SURVEY UNDER PARAGRAPH 710 (B) (7) OF THE DEFENSE PRODUCTION ACT AND SECTION 305 (A) OF EXECUTIVE ORDER 10647

INTRODUCTION

This survey covers appointments under the authority of subsections 710 (b) and 710 (c) of the Defense Production Act, as amended by Public Law 295, and Executive Order 10647 for the period January 1, 1956, through March 31, 1956. It is submitted in compliance with those parts of the law and the Executive order which require the Chairman of the United States Civil Service Commission to survey such appointments at least once every 3 months and report his findings to the President and to the Joint Committee on Defense Production.

The report consists of (*a*) a statistical summary of WOC's on the rolls or appointed during the period, (*b*) a statistical summary of the paid consultants or experts on the rolls or appointed during the period, and (*c*) a narrative statement covering the findings in each of the departments or agencies covered by the survey.

One general area of noncompliance needs further explanation. This area relates to those employees originally appointed under Executive Order 10182 prior to August 1, 1955, who filed financial statements with the Federal Register during the 30 days subsequent to the signing of Executive Order 10647 on November 28, 1955. The agencies and the individuals had assumed that revised statements were not required until 6 months after the date the original statements were filed. Executive Order 10647 provides, however, that all persons previously appointed under Executive Order 10182 who were still employed on the date of this order should be deemed for all purposes to have been appointed under this order and to be subject to its provisions. It is the interpretation of the Department of Justice, concurred in by the Civil Service Commission, that even though financial statements were not filed until December for these persons who were on the rolls as of August 1, 1955, the statements must be construed as representing the financial holdings of the appointees as of the date of appointment, August 1, 1955. The revised statements should therefore have been filed to represent changes as of February 1, 1956. We have issued clarifying instructions to the interested agencies on this point. Failures to file revised statements as of February 1, 1956, in these cases, constitute technical violations but certainly should not be construed as a reflection either upon the individuals or the agencies. All agencies are taking immediate steps to see that these revised statements are filed and a considerable number have already been published in the Federal Register. Since this was a general area of misunderstanding, the following report lists the number of such cases but not the names of the individuals.

There are two instances in which the figures given in our statistical summaries for the period ending December 31, 1955, require correction. In the chart covering WAE consultants and experts which appeared on page 3 of that report, 64 such individuals were shown as being on the rolls of the Army as of December 31, 1955. Since our current survey showed only 57 on the rolls as of January 1, 1956, we inquired into this discrepancy. We found that due to deaths and resignations which occurred before December 31, 1955, but concerning which personnel reports had not been received at the time of our survey, there were actually only 57 such consultants on the rolls. In the same agency our previous statistical report appearing on page 2 showed 24 WOC appointees on the rolls as of December 31, 1955. Our current survey showed only 19 on the rolls as of January 1, 1956. Our inquiry in this regard showed that five individuals had resigned prior to December 31, 1955, but that the personnel actions covering these resignations had not been received and made a part of the record until after January 1, 1956.

Statistical Summary

I. Appointees without compensation

Agency	WOC's on rolls, Jan. 1, 1956	WOC's appointed Jan. 1–Mar. 31, 1956	WOC's separated Jan. 1–Mar. 31, 1956	WOC's on rolls Mar. 31, 1956	Number in advisory positions	Number in other than advisory positions
Commerce	38	23	13	48	23	25
ODM	64	6	5	65	62	3
Interior	1	0	1	0	0	0
Defense, Office of Secretary	0	0	0	0	0	0
Army	19	0	0	19	19	0
Air Force	4	1	0	5	5	0
GSA	1	0	0	1	1	0
ICC	5	0	0	5	5	0
Total	132	30	19	143	115	28

II. Consultants and experts, WAE, not to exceed $50 per day

Agency	WAE's on rolls, Jan. 1, 1956	WAE's appointed, Jan. 1–Mar. 31, 1956	WAE's separated, Jan. 1–Mar. 31, 1956	Total WAE's on rolls as of Mar. 31, 1956
Commerce	12	1	0	13
ODM	56	8	1	63
Interior	7	0	2	5
Defense Department:				
Office of Secretary	2	0	0	2
Army	57	0	0	57
Air Force	0	0	0	0
General Services Administration	5	1	0	6
Interstate Commerce Commission	5	0	0	5
Total	144	10	3	151

Summary of Agencies

COMMERCE

On January 1, 1956, the Department of Commerce had 38 appointees on the rolls under section 710 (b) of the Defense Production Act and section 101 (a) of Executive Order 10647. Between January 1 and March 31, 1956, there were 23 new appointments and 13 separations, so that as of March 31, 1956, there were 48 individuals carried on a WOC basis under the authority of the Defense Production Act.

The four-point certification required by section 301 (a) of Executive Order 10647 was made for all WOC appointees between January 1 and March 31, 1956. There were detailed and satisfactory position descriptions in the folder of each WOC appointee which are acceptable as the validating statement on point No. 1 of 301 (b). Also appearing in the personnel folders were the validating statements required by points 2, 3, and 4 of section 301 (b) of the Executive order.

Financial statements had been filed with the Federal Register for each of these 23 new appointees.

Our last survey indicated 20 cases in which points 2, 3, and 4 of 301 (b) had not been validated. This survey indicated that these statements were now in the files in all of these cases.

As was indicated in the introduction to this report, there was a general misunderstanding as to the date on which revised financial statements should be filed for those individuals previously appointed under Executive Order 10182 who were on the rolls August 1, 1955. There are 9 such individuals still on the rolls in the Department of Commerce. In 5 cases the revised financial statement has now been filed and it will be filed in the 4 remaining cases within the next 10 days. We will make sure in our next survey that this has been done.

Our previous report outlined in detail the procedures and written instructions issued by the agency covering WOC appointments. Since there has been no change in these instructions since our last survey, they are not repeated in this report.

On January 1, 1956, the Department of Commerce had 12 appointees on its rolls under the authority of section 710 (c) of the Defense Production Act and section 101 (b) of Executive Order 10647. There was just 1 additional appointment in the 3 months' period between January 1 and March 31, 1956. The folder of this appointee was reviewed and he was found to be qualified and properly serving in a consultant position.

OFFICE OF DEFENSE MOBILIZATION

On January 1, 1956, the Office of Defense Mobilization had 64 appointees on its rolls under section 101 (a) of Executive Order 10647. In the period between January 1, and March 31, 1956, 6 additional appointments were made under the provisions of this Executive order.

A review of the individual files in these six cases indicated that these individuals had filed the financial statements required by sections 302 (a) and (b) of the Executive order. The files also contained the written certification by the head of the agency required by section 301 (a) of the Executive order, as well as the supporting statements required by section 301 (b). These statements were reviewed and adequately covered the required area. The 49 WOC employees in the Office of Defense Mobilization who were on the rolls August 1, 1955, and who are still with the agency, had not filed revised financial statements with the Federal Register. The agency is taking steps to comply with the instructions recently issued by the Civil Service Commission in this regard.

On January 1, 1956, the Office of Defense Mobilization had 56 appointees on its roles under the authority of section 101 (b) of the Executive order. Between January 1, and March 31, 1956, there were 8 new appointees under this section of the order and 1 separation so that as of March 31, 1956, there was a total of 63 such employees on the rolls of this agency. A review of the files in each of the cases of the 8 new appointees indicated that in all but 1 case the individuals had been appointed to expert and consultant positions and that each was qualified for such appointment. We questioned the appointment of Mr. George B. Beitzel to the position of consultant (horological industry). Mr. Beitzel appeared to lack qualifying experience for the position as described in his position description. While the duties of the position were to advise the Administrator on technical and general problems related to the horological industry, the incumbent's experience has been, since 1929, exclusively in the salt industry. He is the retired owner of a salt factory in Pennsylvania. His major field in education is chemistry.

This matter was discussed with appropriate agency officials who advised us that the position description was in error. Mr. Beitzel, we were told, is to be a consultant to the Administrator on administrative practices used in several of the committee operations at the Office of Defense Mobilization, the horological industry group being only one of such committee activities. The agency agreed to develop an accurate statement of duties for this position. We will review this case again at the time of our next survey.

Since the last survey, the Office of Defense Mobilization has issued new instructions relating to the employment of persons serving without compensation (WOC) under the Defense Production Act. These were issued on January 20, 1956, and are as follows:

II–Adm– AI–111
JANUARY 20, 1956.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF DEFENSE MOBILIZATION

ADMINISTRATIVE INSTRUCTION–II–111

Subject: Employment of persons serving without compensation (WOC) under the Defense Production Act.

SECTION I. PURPOSE

.01 The purpose of this instruction is to prescribe the policies and procedures for the employment of persons to serve on a without compensation basis (WOC's) under the authority of section 710 of the Defense Production Act of 1950, as amended.

SECTION 2. DEFINITION

.01 As used in this instruction, the term "employee without compensation" (or WOC employee) means a person of outstanding experience and ability who is employed to serve on a without compensation basis. He may perform either line (operating) duties or staff (nonoperating) (advisory) duties, but for purposes of definition, he will not be designated as an expert or consultant. The position title for such employee is one which is descriptive of the work to be performed, for example, "Assistant Director for Materials" or "Adviser (Price Stabilization)."

SECTION 3. LEGAL AUTHORITY

.01 Legal authority to employ persons on a without compensation basis is set forth in section 710 (b) of the Defense Production Act of 1950, as amended, and Executive Order 10647 of November 28, 1955. Authority to employ persons on a without compensation basis has been delegated by the President to the Director of the Office of Defense Mobilization without authority to redelegate. Accordingly, the Director must personally approve each proposed WOC candidate for employment prior to appointment. Persons previously appointed under Executive Order 10182 are now subject to the provisions of Executive Order 10647.

SECTION 4. POLICY AND REGULATIONS APPLICABLE TO WOC EMPLOYMENT

.01 The Director exercises his authority under the Defense Production Act to appoint persons on a without compensation basis in accordance with the following.

1. So far as possible, operations under the act shall be carried on by full-time, salaried employees of the Government, and appointments under this authority shall be to advisory or consultative positions only.

2. Appointments to positions other than advisory or consultative may be made under this authority only when the requirements of the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time, salary basis.

3. In the appointment of personnel and in assignment of their duties, the Director shall take steps to avoid, to as great an extent as possible, any conflict between the governmental duties and the private interests of such personnel.

4. Appointees shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

.02 Each Assistant Director will be responsible for the preparation of the statement required by section 310 (b) of Executive Order 10647 for certification by the Director prior to the appointee's entrance on duty. This statement shall:

1. Describe the functions under the act which the appointee is expected to perform and his responsibilities and duties in performing such functions.

2. Show why the head of the agency has concluded that the duties of the position require outstanding experience and ability.

3. Show the appointee's experience and accomplishments which justify the conclusion of the head of the agency that the employee has outstanding experience and ability.

4. Set forth a summary of the reasons why the head of the agency has been unable to obtain a person with the qualifications necessary for the position on a full-time, salary basis.

.03 *Duration of appointment.*—Appointments of persons to serve on a without-compensation basis shall not exceed 6 months except as specifically authorized by the Director. At the end of the 6 months' period, WOC appointments will be terminated, or when justified, such appointments may be extended for an additional period not to exceed 6 months. However, if the requirements for a person's services are for a period of less than 6 months, the appointment shall be limited accordingly, e. g., 1 week, 1 month, 3 months, etc.

.04 *Transportation and per diem in lieu of subsistence.*—Persons appointed on a without-compensation basis may be allowed transportation and not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business, pursuant to such appointment.

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SECTION 5. REGULATORY REQUIREMENTS

.01 *Establishment of position.*—A position description setting forth the duties to be performed shall be prepared prior to appointment.

.02 *Availability of funds.*—Appointment of WOC employees, as in the case of all other employees, is subject to advance budgetary determination as to availability of funds for transportation and per diem in lieu of subsistence.

.03 *Preemployment security clearance.*—All appointments of WOC employees are subject to preemployment security clearance.

.04 *Effective date of appointment.*—No employee may report for duty and no payment will be authorized for travel expenses or per diem prior to the effective date of the appointment. The Personnel Office shall set the effective date after all administrative approvals have been obtained and all legal and regulatory requirements have been met.

.05 *Statements to be filed with Federal Register.*—

1. The Director shall file with the Division of the Federal Register for publication in the Federal Register a statement including the name of the appointee, the employing department or agency, the title of his position, and the name of his private employer.

2. The ODM Personnel Office will file for the appointee with the Division of the Federal Register for publication in the Federal Register, the appointee's statement listing the name of any corporation of which he is an officer or director, or in which he owns, or within 60 days preceding his appointment has owned, any stocks, bonds, or other financial interests, and the names of any partnerships in which he is, or was within 60 days preceding his appointment, a partner, and the names of any other businesses in which he owns, or within such 60-day period has owned, any similar interest. At the end of each succeeding 6-month period, the ODM Personnel Office shall file the appointee's statement with such Division for publication in the Federal Register showing any changes in such interests during the 6-month period.

SECTION 6. PROCEDURE GOVERNING THE EMPLOYMENT OF WOC EMPLOYEES

.01 Each Assistant Director and staff unit head contemplating the need for WOC employees shall:

1. Prepare a position description (OF–8) in quadruplicate setting forth the duties and responsibilities of the proposed position.

2. Communicate with the person proposed for employment, outlining in detail the conditions of employment, the regulatory requirements governing such employment, that effective date of appointment may be determined only after all prior approvals and clearances have been obtained, and that such employment is subject to the approval of the Director. Under no conditions will any commitment or arrangement be made to engage the services of such personnel during the initial discussion.

3. If the person is willing to consider such employment, request the prospective employee to complete in detail:

a. Standard form 60, Application for Federal Employment, accounting for all periods of employment and including qualifications bearing upon the duties of the position (original only).

b. Standard form 85, Security Investigation Data for Sensitive Position, (in quadruplicate).

c. Standard form 87, Fingerprint Chart, (original only).

d. Form ODM–163, statement of business and financial interests (in quintuplicate).

4. Prepare standard form 52, Request for Personnel Action, in duplicate, entering in "Remarks" space, information regarding the workweek, if appropriate; proposed duration of the assignment; and brief summary of desirable qualification requirements of the position.

5. Submit standard form 52, properly prepared and signed, to the Administrative Assistant to the Director, who will submit the request to the Director for approval and, on approval, to the Personnel Office for processing. The following documents will be submitted with each SF–52:

a. OF–8: Position description.

b. Forms completed by the proposed appointee as listed under item 3 above.

c. Copies of all correspondence and a record of telephone calls or personal interviews pertinent to the proposed appointment.

d. Memorandum to person proposed for employment without compensation limiting his authority in policy matters. (See illustration A.) This memorandum will be prepared for the signature of the Director.

e. State for certification by the Director as outlined in section 4.02.

.02 The Personnel Office, on receipt of the standard form 52 approved by the Director, shall:

1. Determine the appropriateness of the proposed action in light of the legal and policy requirements outlined in sections 3 and 4 of this instruction.

2. Conduct the necessary recruitment to determine if acceptable candidates are available on a full-time salaried basis, if appropriate.

3. Prepare, for signature of the Director, certifications required by law or administrative policy and notice of appointment to be filed with the Division of the Federal Register (sec. 5.05).

4. Establish the entrance on duty date and notify all concerned including the proposed appointee.

5. Maintain official personnel file on each person appointed for inspection of Civil Service Commission.

.03 *Change of duties.*—Employees serving on a without compensation basis shall perform the duties described in the statement of duties. If any change occurs which affects the duties to be performed, particularly if the duties change from those of an advisory to an operating character, a request for personnel action, SF–52, shall be prepared requesting the employee's separation from his present position and transfer to the new position.

.04 *Separation from the rolls.*—

1. When it is determined there is no further need for the services of an employee serving on a without compensation basis, the Assistant Director or Staff Unit Head shall prepare and forward through established channels to the Personnel Office a request for personnel action, SF–52, requesting termination of services.

2. Each Assistant Director and Staff Unit Head is also responsible for initiating and submitting, 2 weeks prior to expiration date of appointment, a SF–52 requesting the extension of appointment for each employee whose services are to continue.

3. Payment may not be made for services rendered after the expiration date of appointment.

SECTION 7. CONFLICT OF INTEREST

.01 Exemptions from statutes.—Section 710 (b) (4) of the Defense Production Act of 1950, as amended, exempts persons employed without compensation with respect to such employment, from the operation of sections 281, 283, 284, 434, and 1914 of title 18, United States Code, and section 190 of the Revised Statutes, except as provided in item .02 of this section.

.02 Activities not exempted.—The exemptions listed above do not extend to the following activities:

1. Exemption hereunder shall not extend to the negotiation or execution, by such appointee, of Government contracts with the private employer of such appointee or with any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interests.

2. Exemption hereunder shall not extend to making any recommendation or taking any action with respect to individual applications to the Government for relief or assistance, on appeal or otherwise, made by the private employer of the appointee or by any corporation, joint stock company, association, firm, partnership, or other entity in the pecuniary profits or contracts of which the appointee has any direct or indirect interest.

3. Exemption hereunder shall not extend to the prosecution by the appointee, or participation by the appointee in any fashion in the prosecution, of any claims against the Government involving any matter concerning his employment under this subsection, during the period of such employment and the further period of 2 years after the termination of such employment.

4. Exemption hereunder shall not extend to the receipt or payment of salary in connection with the appointee's Government service hereunder from any source other than the private employer of the appointee at the time of his appointment hereunder.

SECTION 8. POLITICAL ACTIVITY RESTRICTIONS

.01 WOC employees are subject to the political activity restructions of section 9 (a) of the Hatch Act (5 U. S. C. 118), while on an active duty status.

.02 WOC employees on a full-time basis are subject to the same restrictions as a regular employee of the agency.

.03 WOC employees employed on a part-time and intermittent basis are subject to these restrictions while on active duty status. This covers the full 24 hours of any day that the individual performs some services for the Government rather than just the actual hours of employment.

SECTION 9. DISTRIBUTION

.01 A copy of this instruction will be distributed to all employees currently on the rolls of ODM and to each new employee at the time of entrance on duty.

SECTION 10. REVOCATION

.01 All other instructions or parts of instructions, the provisions of which are inconsistent or are in conflict with this instruction, are hereby amended or superseded accordingly.

SECTION 11. EFFECTIVE DATE

.01 This instruction is effective immediately.

VICTOR E. COOLEY,
Acting Director.

II–Adm–AI–111
JANUARY 20, 1956.
Illustration A

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF DEFENSE MOBILIZATION

MEMORANDUM

As a WOC employee of the Government under authority of subsection 710 (b) of the Defense Production Act of 1950, as amended, your activities are limited by the following subsection of that act:

"(3) Appointees under this subsection (b) shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions."

Consonant with the statutory limitation you will refer the making of policy decisions to me or to the Deputy Director when, in the discharge of your official duties, such decision becomes necessary. You are, of course, free to recommend policy or to participate in the deevlopment of recommendations with respect to policy matters and you are free to make decisions in the area of your duties and responsibilities which conform to established policy.

ARTHUR S. FLEMMING, *Director.*

Original to appointee. Copy to Personnel.

INTERIOR

On January 1, 1956, the Interior Department had one appointee on its rolls under the authority of section 101 (a) of Executive Order 10647. This individual was separated on January 6, 1956, and there were no new appointments during the 3-month period. The Department therefore had no WOC employees on its rolls under the authority of the Defense Production Act as of March 31, 1956.

On January 1, 1956, the Department of Interior had 7 consultants and experts on its rolls under the provisions of section 101 (b) of Executive Order 10647. There were 2 separations and no new appointments during the 3-month period so that as of March 31, 1956, there were 5 appointees on the rolls under this section of the Executive order.

Department of Defense

Office of the Secretary

On January 1, 1956, the Office of the Secretary of Defense had no WOC appointees on its rolls under the authority of section 101 (a) of Executive Order 10647, nor were there any appointments under this authority during the 3-month period between January 1 and March 31, 1956.

On January 1, 1956, the Office of the Secretary had two consultants and experts serving under the provisions of section 101 (b) of Executive Order 10647. There were no new appointees under this section so that there was a total of two employees on the rolls as of March 31, 1956.

The Office of the Secretary of Defense has issued no new instructions with regard to the employment of WOC's under the authority of the Defense Production Act since our last report.

Army

On January 1, 1956, there were 19 individuals serving without compensation in the Department of the Army, under the authority of section 101 (a) of Executive Order 10647. In the period between January 1 and March 31, 1956, there were no new appointments so that these 19 individuals were the only ones carried on the rolls as of March 31, 1956.

Since all of these 19 appointees had been on the rolls since August 1, 1955, revised financial statements should have been filed with the Federal Register. The Commission's clarifying instructions in this regard have been brought to the attention of proper officials in this Department and we have been advised that revised statements will be filed as rapidly as possible.

The instructions issued by the Department of the Army with regard to the appointments of consultants and experts with and without compensation which were detailed in our previous survey have not been amended or changed.

Air Force

On January 1, 1956, the Department of the Air Force had four individuals serving under the authority of section 101 (a) of Executive Order 10647 and section 710 (b) of the Defense Production Act. Between January 1 and March 31, 1956, there was one additional appointment. There were no separations. Therefore, as of March 31, 1956, there were five individuals serving under this authority. The case of the one individual who was appointed during this period was reviewed in detail and it was found that the files contained adequate statements by the agency as to the certificates required by section 301 (a) of the Executive order, as well as the additional requirements of section 301 (b). It was also found that there was compliance with regard to the material required to be filed with the Federal Register under sections 302 (a) and 302 (b).

Agency officials advised that immediate steps would be taken to see that the one individual who has continued on the rolls since August 1, 1955, files the required revision of his financial statement immediately.

The general instructions and standards issued by the Air Force relating to the employment of consultants and experts which were quoted in detail in our last survey report were not changed during this 3 months' period.

The Department of the Air Force has not employed consultants or experts under the provisions of section 101 (b) of the Executive order and section 710 (c) of the Defense Production Act.

General Services Administration

On January 1, 1956, the General Services Administration had one appointee on its rolls under the authority of section 710 (b) of the Defense Production Act. There were no new appointments between January 1 and March 31, 1956. There are, therefore, no new cases to be covered. A revised financial statement had not been filed by the one individual still employed. We are assured that the revision will be filed immediately. The individual concerned is not in Washington and the agency is having difficulty in locating him in order to obtain the financial change statement.

On January 1, 1956, the General Services Administration had five appointees on its rolls under the authority of section 710 (c) of the Defense Production Act. In the period between January 1 and March 31, 1956, there was one new appointee. This was Mr. Ray T. Middleton. The file on Mr. Middleton was reviewed and it was found that the information in his personnel folder was extremely meager and incomplete. The position description was obscure and

it was impossible to tell from it the exact nature of Mr. Middleton's assignment. The application form was also incomplete. From the work experience listed on it we could find nothing to support Mr. Middleton's appointment as a consultant in the field of stockpiling critical materials.

The foregoing was brought to the attention of agency officials. We are informed that Mr. Middleton will not be called for active duty and that his appointment will be allowed to expire.

The instructions issued by the General Services Administration with regard to employees without compensation have not been changed since previously reported.

INTERSTATE COMMERCE COMMISSION

On January 1, 1956, the Interstate Commerce Commission had 5 individuals on its rolls under the authority of section 101 (a) of Executive Order 10647 and section 710 (b) of the Defense Production Act. There were no new appointments between January 1 and March 31, 1956, and no separations, so that these same 5 individuals were on the rolls at the close of the period surveyed. All of these 5 had been appointed prior to August 1, 1955, so that revised financial statements should have been filed with the Federal Register as of February 1, 1956. The instructions recently issued by the Civil Service Commission in this regard were brought to the attention of agency officials.

In our last survey report it was stated that the Interstate Commerce Commission had issued no instructions to assure that WOC's are used in an advisory capacity only, in connection with policy decisions. We are now informed that all officials and employees are required to sign a statement setting forth that they have no "official relation to or own any security of" or are "in any manner pecuniarily interested in any carrier or other agency subject to any provisions of the Interstate Commerce Act."

On January 1, 1956, the Interstate Commerce Commission had 5 individuals on its rolls under the provisions of section 101 (b) of the Executive order and section 710 (c) of the Defense Production Act. No new appointments were made during the 3 months' period covered by the survey nor were there any separations. The total at the close of the period, therefore, continued at five.

Senator FREAR. The subcommittee will stand in recess, subject to the call of the Chair.

(Whereupon, at 11:03 a. m., the subcommittee was recessed, subject to the call of the chairman.)

(Supporting statements in connection with appointments of WOC's supplied by Department of Commerce:)

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 31, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: Mr. John V. Burley.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. John V. Burley as Director, Iron and Steel Division, on a WOC basis.

Mr. Burley was appointed to this position November 30, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

FEBRUARY 1, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

OFFICE MEMORANDUM UNITED STATES GOVERNMENT

JANUARY 18, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. John V. Burley to position of Director, Iron and Steel Division.

It is requested that Mr. John V. Burley, Republic Steel Corp., Cleveland, Ohio, producers of steel mill products be appointed on a full-time basis as WOC Director, Iron and Steel Division. Mr. Burley's corporation has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

(1) Defense Production Act of 1950
(2) National Security Act of 1947
(3) Strategic and Critical Materials Stockpiling Act
(4) Reorganization Plan No. 3 of 1953
(5) Executive Order 10480
(6) DMO–I–4 (ODM): Agency Responsibilities in Completing and Maintaining the Mobilization Base
(7) DMO–I–7 (ODM): Delegation of Authority to Certain Officers and Agencies
(8) DMO–I–8 (ODM): Assignment of Defense Mobilization Responsibilities—The United States Department of Commerce
(9) DMO V–1 (ODM): Creating an Interdepartmental Materials Advisory Committee
(10) DMO V–2 (ODM): Establishment of a Titanium Advisory Committee
(11) DMO VII–5 (ODM): Designation of Supply and Requirements Agencies
(12) DMO VII–6 (ODM): Expansion Goals
(13) DMO VII–9 (ODM): Establishment of Mobilization Production Committee
(14) DMO IX–1 (ODM): Reestablishment of the Telecommunications Planning Committee
(15) Department Order No. 152: Organization and Functions of the Business and Defense Services Administration

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

(1) *Administration of the defense materials system.*—This includes recommendations, where appropriate, for directive and other forms of special assistance in aid of defense and AEC procurement and production. Also included is the continuing study and review of military and civilian requirements of controlled materials for the purpose of determining quarterly military setasides, an essential feature of DMS.

(2) *Standby regulations and orders.*—Development of such regulations and orders for partial and full mobilization. This involves intimate knowledge of military and civilian requirements and availability of materials and end products, as well as productive capacity, plant locations, and similar detailed knowledge of the iron and steel industry.

(3) *Expansion goals.*—Advising with respect to such goals. This involves similar knowledge as to supply and requirements, development of new products, substitutes, etc.

(4) *Stockpiling—Recommending stockpile goals, rate of acquisition and withdrawals, etc.*—This requires knowledge as to material sources, rates of production and consumption under various conditions, availability of domestic supplies, and status of development of substitutes.

(5) *Supply and requirements.*—Correlation of requirements under mobilization conditions with available supplies requires the same type of specialized familiarity with current conditions within the industry as is needed in conneciton with stockpiling and expansion goal activities.

(6) *Feasibility tests.*—These involve analysis of the total requirements of defense, defense-supporting and minimum civilian requirements in various economic areas in relation to availabilities (plant capacities, materials, manpower,

etc.) in the same areas, for the purpose of making determinations as to feasibility of program proposed in realtion to mobilization.

(7) *Industrial defense.*—Data must be developed and supplied to the cognizant offices within BDSA for their use in rating facilities and in developing appropriate measures to minimize loss of essential production as a result of enemy attack. This function demands current familiarity with military and essential civilian requirements, location of sources of production, transportation and distribution aspects, and identification of substitute or alternative sources.

In order to carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international, of iron and steel products, foundry products, ferroalloys, pig iron, forgings, refractories, and ferrous scrap, and the facilities required for their production; products produced, both in a semifinished state for further fabrication and semifabricated products for consumption (see attached product scope). The defense activities and programs of this Division which the appointee, as Director of the Iron and Steel Division, is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to direct the personnel of the Iron and Steel Division to the extent necessary for a proper appraisal of these military requirements and the development of feasible studies as to the industry capacity, from which will be established basic data mobilization requirements sheets. These will require a knowledge of the interchangeability of producing facilities to make the various products required and an understanding of the interrelationships of production practices in a very complex industry.

Stockpile and conservation: This involves making recommendation on iron and particularly nickel and ferroalloy stockpiling, conservation policies and operations. Recommendations include opinions on stockpile goals, rate of stockpile, etc., with due consideration to the effect on defense and civilian production and the stability of the industry.

Mobilization readiness program: The overall objective of this program is to develop a mobilization plan that lies within the Nation's material and physical resources and generates the maximum military power that these resources can support, with due consideration of the needs and contributions of the rest of the free world. This involves: (*a*) studies and investigations in collaboration with other Government agencies and with industry, to determine the productive potential of the iron and steel industry to meet all-out mobilization requirements; (*b*) identification where possible of serious deficiencies in industrial capacity that will be needed at the time of emergency; (*c*) recommendations for tax amortization and loans in connection with the expansion of industrial capacity needed to meet current defense production goals, as well as mobilization requirements (such recommendations in every instance to be made by a full-time career employee); (*d*) maintaining and keeping up-to-date industrial production and/or materials control on the economy for defense purposes.

The Department's program to foster, promote and develop United States industry and commerce involves serving at the focal point for the iron and steel and related industries within Government, and advising the Administrator and the Secretary of Commerce on policies and actions for carrying out the Department's programs. It involves participating with the iron and steel industry and the industry advisory committees in advocating national economic policies designed to promote industrial expansion and business programs at home and abroad; develop plans to prevent and alleviate business research; proposing policies to promote business stability and progress; providing information, guidance, and judgments on industry affairs; and working closely with industry and industry associations in representing business in Government.

The incumbent is responsible for establishing the organization, as well as operating plans, recommendations and procedures needed to achieve the objectives of the Division.

The incumbent shall, when policy matters are involved, be limited to advising appropriate full-time Government salaried officials who are responsible for making policy decisions.

Section .05 (b): The foregoing activities require a knowledge of the current methods used in the steel industry in production, distribution, metallurgy and administration. It also requires a current knowledge of the interchangeability

of producing facilities and an understanding of the relationship of production practices and processes of the iron and steel industry including technological improvements not ordinarily to be found in a full-time salaried employee. It is the responsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements, both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude, they must necessarily be of a joint Government-industry interest. This Division, therefore, must with the full cooperation of industry assure essential facilities and production of a balanced nature. To participate in the organization and activities of such surveys and studies, the position of the Director of the Iron and Steel Division requires a person of diversified experience in the iron and steel industry, which could only be gained over a long period of time and in the recent operations of this industry where many technological changes are taking place. Accordingly, it has been concluded that the duties of the position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c): To this end, we have been fortunate in locating a WOC, Mr. John V. Burley, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, Republic Steel Corp., a leader in the field of production of steel mill products, carbon, alloy, and stainless. Mr. Burley, after his honorable discharge from the Army in February 1919, joined the Midvale Steel & Ordnance Co., Detroit, Mich., doing general sales work. From 1923 to 1925 he was in general sales work for the Bethlehem Steel Co., Detroit, Mich. In 1925 he joined the Republic Steel Corp. and has been with that steel producer ever since, working in various departments and assuming progressively important positions. At present Mr. Burley is assistant general manager of sales of the Republic Steel Corp., having supervision of sales and personnel in six of their district sales offices, in addition to assisting in overall supervision of all sales districts. His length of service with Republic Steel Corp. alone, from 1925 through 1955, has given him an outstanding opportunity to become thoroughly familiar with the varied problems having to do with production, distribution and personnel. During such service it has been necessary for him to work closely with other steel producers and with a great many steel-consuming industries which has given him a current knowledge of production and distribution methods of the industry and has kept him in close touch with recent technological improvements. He is extremely well thought of by men in similar positions in the iron and steel industry which will be of great value in securing cooperation between Government and the iron and steel and related industries.

IRON AND STEEL PRODUCTS—WROUGHT AND CAST

(Either Carbon, Alloy, or Stainless)

Ingots and semifinished (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal and strip
Rails and track accessories (joint bars, tie plate, track spikes)
Forged and rolled wheels and axles
Bars—hot rolled, cold finished and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven-wire fence, barbed and twisted
Tin-mill products (black plate, tin and turne plate, hot dipped tinplate, electrolytic plate)
Sheet and strip—hot rolled, cold rolled, galvanized, enameling and electrical
Forgings—all types
Ferrous castings—all types
Pig iron
Refractories
Ferroalloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 6, 1956.

To: Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: WOC Appointment for Joseph P. Crosby.

Submitted herewith are certificate concerning appointment without compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment and forms SF–52, SF–57, CD–79, SF–86, SF–87, and WOC–2 for the appointment of Mr. Joseph P. Crosby as Director, Metalworking Equipment Division, on a WOC basis.

Notice of vacancy (WOC–1) for this position was submitted to your office February 6, 1956.

The position of Director, Metalworking Equipment Division, has been vacant since the termination of Mr. Ralph Baldenhofer's appointment to that position November 4, 1955. Mr. Crosby will be available as soon as he is notified that his appointment action can be completed, therefore, it is requested that the processes necessary for a waiver of security clearance for Mr. Crosby be started as soon as possible.

(Certain repetitive material has been deleted from the following memorandum)

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 1, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: N. A. Olsen, Acting Director, Metalworking Equipment Division.
Subject: WOC appointment of Mr. Joseph Patrick Crosby to position of Director.

It is requested that Mr. Joseph Patrick Crosby, vice president, the Lapointe Machine Tool Co., Hudson, Mass., manufacturers of machine tools, broaches, and related products and past president of the American Society of Tool Engineers, be appointed on a full-time basis as a WOC Director of the Metalworking Equipment Division. Mr. Crosby's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department, including but not limited to the following:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

The Division is responsible for carrying out the foregoing functions and activities as they relate to metalworking equipment industries and to industry in general. In the field of mobilization planning the Division analyzes mobilization and defense supporting industries' requirements and compares them to the potential productive capacities of the metalworking industries in determining the most effective methods of industry's participation in current defense programs and future national emergencies. In cooperation with Government and industry, the Division reviews the current activities of the metalworking equipment industries to assist in maintaining a strong national economy from the standpoint of production levels, adequate facilities, and availability of skilled, technical, and engineering personnel. Defense activities and programs which appointee will direct the performance of, his responsibilities and duties therewith, together with his programing in particular fields for which he is specially qualified, based upon background training and experience, are as follows:

He will assist in studying and appraising mobilization requirements for machine tools, broaches and cutting tools and related metalworking equipment, appraise these requirements in the light of industry capacity, calling attention to deficiencies in capacity, and will develop essential plans and procedures for the establishment and/or maintenance of a sound mobilization base. He will review the military and defense supporting requirements for long lead time machine tools and related component studies leading to governmental action for immediate procurement for defense and mobilization needs. He will review

and assist in the implementation of the M-day machine tool trigger program and assists in developing other trigger programs as may be determined to be necessary. He will outline plans and methods whereby additional engineers and skilled personnel can be provided for the metalworking industries, both to meet current defense needs and mobilization requirements. He will act as adviser and counsel in his field of specialized competence to other governmental agencies, particularly the Air Force, Army, Navy, Atomic Energy Commission, Office of Defense Mobilization, General Services Administration, and the Maritime Administration.

Section .05 (b): The foregoing activities require a current knowledge of industrial systems, particularly in metalworking industries, and methods not ordinarily found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

Section .05 (c): To this end we have been fortunate in locating a WOC, Mr. Joseph Patrick Crosby, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period graciously accorded by his firm.

INDUSTRIAL SEGMENTS AND PRODUCT SCOPE OF THE METALWORKING EQUIPMENT DIVISION

(List of 24 classes of metalworking equipment has been deleted)

FEBRUARY 6, 1956.

MEMORANDUM

To: Director of Personnal.
From: Administrator, BDSA.
Subject: Notice of vacancy in operating position.

The following position is vacant in BDSA: Director, Metalworking Equipment Division—GS–17.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of the applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 10, 1956.

1. Suggest that ———— folder attached, be considered for this position. F. Seymour, February 7, 1956.
2. No candidates. N. B. W., February 7, 1956.
3. No qualified candidates on RPL or in applicant files. M. A., February 8, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 10, 1956.

To: Mr. P. G. Asher, Director of Administration
From: Courtlandt F. Denney, Director, Power Equipment Division
Subject: WOC appointment of Mr. Wilbur F. Dueringer to position of Director.

It is requested that Mr. Dueringer, now employed by Allis Chalmers Manufacturing Co., Milwaukee, Wis., manufacturers of heavy power equipment, be

appointed on a full-time basis as a WOC Director of this Division. Mr. Dueringer's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Proeedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense funetions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization aetivities:

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to industries engaged in the manufacture of heavy power-generating equipment, ship propulsion gears, nuclear reactors and related power-generating equipment, all kinds of pressure vessels and shop assembled tanks, prime mover generator sets driven by diesel, natural gas, and dual fuel engines, fabricated metal piping, water softeners and water-conditioning equipment.

Specifically, during the period of tenure of Mr. Dueringer as Director, the Division will be engaged and Mr. Dueringer will partieipate in the following aetivities and programs:

This Division is responsible for supplying a chairman of an interageney committee known as the Mobilization Boiler Study Group. This committee assembles and correlates the requirements with available supplies of land and marine boilers under full mobilization conditions. The report and recommendations of this committee have been submitted to ODM. Within the next few weeks it is anticipated that this committee will be ealled upon to explain its findings and recommendations to an advisory committee which has been appointed by Dr. Flemming and which has been known as the Vance eommittee.

The Division is also responsible for furnishing the ehairman of an interageney eommittee known as the Mobilization Study Group for Steam Turbines and Marine Propulsion Gears. This committee has submitted its report and reeommendations to ODM. ODM upon advice and approval from the Vance Committee has authorized GSA to procure $70 million worth of machine tools and equipment for rounding-out the capacity of turbine and gear manufaeturers. This division is responsible for certifying to GSA the exaet list of tools and equipment which are required by the manufaeturers.

Nuclear reactors have recently been assigned to this division. This is a eompletely new industry which is growing by leaps and bounds. The potential applications of this product encompass every branch of military, industrial, and welfare projects, so that a tremendous amount of time is required to follow the day-to-day developments of this industry.

Section .05 (b): The foregoing activities require a eurrent knowledge of industrial systems and methods not ordinarily to be found in fulltime salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as eould be gained only by recent experience in the industry.

Section .05 (c): To this end we have been fortunate in locating a WOC, Mr. Dueringer, who not only qualifies admirably with his baekground and industry experience, but can furnish for these tasks the requisite guidance and results over the 6-month period. With the exception of power boilers, his firm is a leader in the fields mentioned above.

Mr. Dueringer has served as a field engineer in charge of the installation, testing and operation of steam-turbine generator units in many utility power plants. Since 1950 he has been supervisor of sales of steam turbine units 20,000 kilowatts and larger. This position involves supervision of several applieation engineers in their work of preparing proposals and selecting the right turbines to fit their customers requirements. It also involves supervision of all their field service engineers. His company is very aetive in the field of nuclear powered turbines whieh will be one of our chief responsibilities in the next 6 months.

MEMORANDUM

DECEMBER 28, 1955.

To: Director of Personnel.
From: Administrator, BDSA (original signed by H. B. McCoy, Acting Administrator.
Subject: Notice of Vacancy in Operating Position.

The following position will become vacant in BDSA on or about February 25, 1956, as a result of the current incumbent completing his tour of duty:

Director, Power Equipment Division, GS–17.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of the applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 2, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

DECEMBER 28, 1955.

To: Mr. P. G. Asher, Director of Administration.
From: Lowell B. Kilgore, Deputy Director, Chemical and Rubber Division.
Subject: WOC Appointment of Mr. George A. Fowles to Position of Director.

It is requested that Mr. George A. Fowles, now employed by the B. F. Goodrich Chemical Co., Cleveland, Ohio, be appointed on a full-time basis as a WOC director in this division. Mr. Fowles' company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a). The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

JANUARY 25, 1956.

To the best of our knowledge there are no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to the chemical and rubber industries.

Specifically, during the period of tenure of Mr. Fowles as Director, the Division will be engaged and Mr. Fowles will participate in the following activities and programs: Experience gained during Korea demonstrated that the plastics materials area of the chemical industry presented some of our most difficult availability and distribution problems. In fact, half of the mandatory (allocation) orders pertained to these materials. Such materials are generally made by only one company resulting in serious impact when the military decides to use them as for making solid propellants for rockets, airplane takeoff boosters, airplane fuel tanks, wire and cable coverings, and the like.

Also, the low rate of civilian requirements compared to military usage has discouraged the expansion of such production although plastic materials as a whole have expanded rapidly. However, the goal for plastic expansion was

difficult to fill. Actually only some 65 percent of the expansion was taken up, and the goal closed representing the largest deficit of any of the 67 chemical goals.

In addition to the foregoing problems of the plastics industries, it has been very difficult to obtain estimates of military requirements for full mobilization. This responsibility, with its obvious connotations of new and additional program activity, has recently been placed in this Division by ODM.

It is therefore very evident from the foregoing brief statement of some of the problems facing this Division in connection with mobilization and defense requirements that certain very special assistance is required at this time. Specifically, it is deemed necessary to have the full-time services of an expert in the field of plastic materials (particularly that segment known as the thermoplastics) who is intimately familiar with the present industrial position.

The program of this Division during the first half of calendar year 1956 will include, among others, a complete reappraisal of the plastic materials industry comprising (1) individual plant capacities, (2) raw materials requirements, (3) special equipment needs and availabilities, (4) substitutions and alternatives, and (5) preparation of estimates of full mobilization requirements.

The plastics industry is among the most rapidly expanding industries, showing an annual growth rate of 15 percent, or 3 times that of all industry. Furthermore, the rate of development of new plastic materials is phenomenal wherein each new material offers new and different properties of interest to the military. For example, rockets and guided missiles depend on plastic materials for propulsion. It is evident, therefore, that recency of industrial experience in an expert capacity is required in order to make available to the Government advices and information not otherwise obtainable.

It is necessary that information be made available to the Government concerning such important related considerations as methods of shipping, packaging, and the customs of the trade in order to assist in the preparation of "phantom orders" for emergency distributions and the like.

Section .05 (b): The foregoing activities, which are scheduled principally to begin during the first half of calendar year 1956, will require the leadership of a man who has the current knowledge of recent industry technology and industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

Section .05 (c): The proposed appointee has been actively engaged in the plastic materials industry for 14 years. (He is a charter member of the Society for the Plastics Industry.) More specifically he has been in the thermoplastics part of the industry directly related to military requirements. He was a member of various Government advisory committees charged with developing recommendations for collecting statistics in the plastics industry.

His present position as general sales manager for plastic materials and plasticizing chemicals keeps him in daily contact with all recent developments and current industry positions and practices. This not only applies to new technical developments but to trade, transportation, and other matters not ordinarily known or considered by Government analysts or commodity specialists.

In addition to the foregoing qualifications not ordinarily available to the Government, the proposed appointee has had both a formal professional education and applied industrial experience.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 11, 1956.

To: Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for Louis F. Frazza.

Submitted herewith are certificate concerning appointment without compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment and forms SF–52, SF–57, SF–86, and SF–87 for the appointment of Mr. Louis F. Frazza, as Director, Water and Sewerage Industry and Utilities Division.

The material referred to above completes the data necessary for the appointment action of Mr. Frazza with the exception of the letter of agreement from the applicant that he will within 30 days from the date of appointment submit a financial statement to be filed in the Federal Register. However, Mr. Frazza was contacted and requested to accept appointment before the new procedure stated in BDSA Manual Interim Procedure, dated December 22, 1955, became effective. At that time Mr. Frazza indicated his willingness to submit the financial statement upon appointment. It is, therefore, requested that you proceed with the processes necessary to appoint Mr. Frazza immediately.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 9, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: Walter L. Picton, Deputy Director, Water and Sewerage Industry and Utilities Division.
Subject: WOC appointment of Mr. Louis F. Frazza to the position of director.

It is requested that Mr. Louis F. Frazza, now employed by the Transite pipe division, Johns-Manville, New York, N. Y., manufacturers of asbestos cement pipe, be appointed on a full-time basis as the WOC Director of this Division. Mr. Frazza's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the interim procedure for appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to the Water and Sewerage Industry and Utilities Division area which includes the following:

(1) *Water works.*—Water supply source development, transmission, treatment, storage, pumping, and distribution for industrial, commercial, and domestic use.

(2) *Water wells* for all purposes.

(3) *Sewerage works* for the collection, treatment, and disposal of industrial, commercial, and domestic waterborne waste.

In order to properly discharge these responsibilities, the Division must develop the following standby regulations and orders:

(1) Water and sewerage utilities order covering operating inventories; maintenance, repair, and operation; minor construction, and major capital improvements.

(2) Water well drilling order covering inventories and quota control of material for water well drilling contractors.

(3) Water well limitation order for the conservation and protection of critical ground water areas.

(4) Public water supply limitation order for limiting and rationing public water supply in critical shortage areas for the benefit of high priority defense activities.

(5) Surface water resources limitation order for the limitation and allocation of available surface water supplies in surface water critical shortage areas for the benefit of essential defense activities.

In order to discharge these responsibilities, the Division must maintain continuous studies of the peacetime and wartime supply and demand for water and sewerage service which may be outlined as follows:

(1) Estimated present peacetime requirements.

(2) Estimated requirements projected into a period of full mobilization.

(3) Surveys and inventories of potential productive capacities.

(4) Capacity-requirements studies for full mobilization, and development of deficiencies.

(5) Support required for full mobilization:
(a) Maintenance, repair, and operation:
(1a) Material and equipment.
(2a) Fuel and power.
(3a) Chemicals.
(4a) Manpower; technical and nontechnical.
(b) Construction requirements for essential expansion for full mobilization:
(1a) Material and equipment.
(2a) Manpower; technical and nontechnical.
(6) Breakdown estimates of mobilization requirements for basic materials into shapes, sizes, etc.
(7) Periodical revisions of estimates for full mobilization.
(8) Feasibility tests.
(9) Mobilization test exercises.

In the area of industrial defense, it will be necessary for the Division to engage in the following activities:

(1) The development of evaluations of individual utilities for submission to the Industry Evaluation Board. This involves a detailed study of service to critical industries rendered by public water and sewerage utilities and the probability of those utilities which are deficient in adequacy at the time of full mobilization. This requires the study of nearly 560 water utilities and the same number of sewerage utilities which now appears will result in recommendations of ratings for nearly 25 percent of these.

(2) The development, publication, and distribution of a manual on continuity and production and management for water and sewerage utilities through the cooperation of an appointed task group of leaders from industry. The ultimate broad distribution will be accomplished by reproduction and redistribution by the three leading technical associations in this field.

In order to accomplish these objectives, the cooperation and collaboration of the Federal agencies are used to the greatest extent possible. Therefore, the high-level liaison with other Federal agencies for the suggestion, promotion, justification, initiation, and guidance of surveys, inventories, and studies as programs carried out by other Federal agencies for our benefit becomes a very important phase of the Director's duties. Such programs include the following:

(1) Survey of the 560 major public water supply systems by the United States Public Health Service.

(2) Survey of the major sewerage systems by the United States Public Health Service.

(3) Survey by the Department of Defense on water use by military properties, including camps, shipyards, munition plants, etc.

(4) Reestimate the water use for irrigation with the cooperation of the United States Geological Survey and the Bureau of Reclamation.

(5) A reestimation of the rural, farm, and nonfarm water use with the cooperation of the United States Geological Survey.

(6) 1954 census and the continuing annual surveys of water use by manufacturing industries by the Bureau of the Census.

(7) 1954 census of water use by the mineral industries by the Bureau of the Census.

(8) 1954 census and the 1955 survey of water use in the steam generation of electric power by the Federal Power Commission.

(9) Census of water use by irrigation in the 28 humid Eastern States by the Bureau of the Census with the cooperation of the Department of Agriculture.

(10) An approximate survey of the entire United States for estimating the water use by all the principal categories of users for the calendar year 1955 to be performed through the field offices of the United States Geological Survey.

(11) A new survey on public water supply shortages in the fall of 1956 by the United States Geological Survey, if such a survey appears justified.

(12) Complete surveys and reports on specified important defense industrial metropolitan areas covering the natural availability of ground and surface water, the extent of present development and use for all purposes and the potential future development that might be accomplished for national security, performed by the United States Geological Survey under specific guidance from this Division.

(13) Surveys, research, and studies for the development of the current water requirements for the manufacture of the principal war important material and end products, performed by the United States Geological Survey under the specific guidance from this Division.

(14) A census of the details of operation of the water well-drilling industry which comprises about 10,000 individual water well-drilling contractors to develop the volume of their operations in the number of wells, types, and end use, diameters, depths, and the volume of material, equipment, supplies, and manpower required.

Similar liaison is required with the leading associations interested in water supply development and use, such as the American Water Works Association, New England Water Works Association, Federation of Sewage and Industrial Wastes Associations, Water and Sewerage Works Manufacturers Association, the National Association of Manufacturers, the Chamber of Commerce of the United States, the Valve Manufacturers Association, the Cast Iron Pressure Pipe Research Association, the Concrete Pipe Association, and numerous research institutes and market analysis organizations interested in location or relocation of industry and the market potentials for particular materials and equipment with a view toward both peacetime and full mobilization requirements.

Specifically, during the tenure of Mr. Frazza, the Division will be engaged in nearly all of the above-listed activities with special attention to the censuses, surveys, and studies which shall provide basic data information in a field where such basic data have not been available in the past. This requires extremely good judgment in evaluating the relative importance of each of these many activities in order to place due emphasis upon and to expedite the most important. The objectives must be accomplished even though the Division is equipped with only a small staff, thus relying heavily upon data assembled from other Federal and non-Federal agencies.

In order to direct the activities of this Division, the Director must be an engineer with a thorough high level knowledge of the development problems in water resources and sewage disposal, the financial aspects, the design, construction, material and equipment requirements, the maintenance, repair, and operation, the revenue aspects of public water and sewerage utilities, and self-operated water supplies and disposal systems of manufacturing industries, military camps and plants, and the other principal water users, especially in those areas where competition of limited water supply is important.

It is also essential that the Director be a man of sufficient stature to be recognized by and to have the confidence of the leaders of the industry, including officials of the numerous associations, leading operators of public utilities and the manufacturers of the material and equipment used by water and sewerage works and by water well drilling contractors.

Mr. Frazza is experienced in engineering and as a constructor of water and sewerage systems and in the manufacturing field, is thoroughly familiar with production and sales of important materials used in water and sewerage works and for irrigation. During his long experience he has become thoroughly familiar with the operations of such systems. His company and he, himself, individually are recognized in this particular field and industry. We, therefore, feel that Mr. Frazza is recognized as having the integrity and ability to properly guide and direct the activities of the Water and Sewerage Industry and Utilities Division.

MEMORANDUM

Date: December 28, 1955.

To: Director of Personnel.

From: Administrator, BDSA (original signed by H. B. McCoy, Acting Administrator).

Subject: Notice of vacancy in operating position.

The following position will become vacant in BDSA on or about December 31, 1955, as a result of the current incumbent completing his tour of duty: Director, Water and Sewerage Industry and Utilities Division, GS–17.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employees is known to be available.

76559—56——17

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by a review of applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 2, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 31, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: Mr. Lewis T. Gibbs.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Lewis T. Gibbs as Chief, Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch of the Iron and Steel Division on a WOC basis.

Mr. Gibbs was appointed to this position November 28, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

FEBRUARY 1, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 19, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. Lewis T. Gibbs, to position of Chief, Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch.

It is requested that Mr. Lewis T. Gibbs, United States Steel Corp., Pittsburgh, Pa., producers of steel-mill products, be appointed on a full-time basis as WOC Chief, Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch, Iron and Steel Division. Mr. Gibbs' corporation has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this branch must determine and assure a continuous study of the peacetime and wartime supply and demand of iron and steel products, and the facilities required for their production; products produced, both in a semifinished state for further fabrication and semifabricated products for consumption (see attached product scope). The defense activities and programs of this Branch which the appointee, as Chief of the Semifinished, Rail, Structural, Bars, Wire and Forgings Branch, is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise those military requirements as they affect the products under his supervision and to develop feasible studies as to industry capacity, from which will be established a basic data mobilization requirements sheet. This requires a knowledge of the interchangeability of producing facilities to make various

products and an understanding of the interrelationships of production practices in a very complex industry. It will be the responsibility of the incumbent to constantly review the data maintained at the relocation center and to keep it current with announced increases in ingot production or processing facilities which are reported from time to time by the American Iron and Steel Institute.

It will be the responsibility of the incumbent to adjust, where necessary, various studies previously submitted by his Branch to the Industry Evaluation Board. In the event mobilization requirements surveys indicate, after evaluation, that the facilities as available are not sufficient nor capable of producing military requirements in the proper sizes, grades, and types, expansion goals by products will have to be devised and recommended to the Director of the Division for eventual submission to ODM, together with a suggested practical method of achieving expansion of capacity by loan, tax amortization, or otherwise.

The incumbent is responsible, through his staff, for the analysis and tabulation of data reported by steel producers as required by DMS regulations supplemented by Order M–1A. He will participate in intergovernmental conferences on mobilization and be in a position to advise the Director on what actions should be taken with respect to industry resource studies affiliated with and essential to the production of iron and steel products.

The incumbent will study and evaluate the present Defense Materials System and Order M–1A as they affect military set-asides for production with a view of overhauling and revising these regulations where changed conditions make such actions appropriate.

Section .05 (b) : The foregoing activities require a knowledge of current methods of production and distribution used in the steel industry. It also requires a current knowledge of the interchangeability of producing facilities and an understanding of the relationship of production practices and processes of the iron and steel industry not ordinarily to be found in a full-time salaried employee. It is the responsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude, they must necessarily be of a joint Government-industry interest. This Division, therefore, must with the full cooperation of industry assure essential facilities and production of a balanced nature to participate in the organization and activities of such surveys and studies. The position of Chief of the Semifinished, Rail, Structural, Bars, Wire, and Forgings Branch, requires a person of diversified experience in production and distribution which could only be gained over a long period of time and in the recent operations of this industry where numerous technological changes are steadily being made. Accordingly, it has been concluded that the duties of this position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c) : To this end, we have been fortunate to locate a WOC, Mr. Lewis T. Gibbs, who not only qualified admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, United States Steel Corp., a leader in the field of production and distribution of steel-mill products.

Since his graduation from the University of Maryland in June 1936, Mr. Gibbs joined the United States Steel Corp. and has been with them ever since. During this close to 20 years of experience, he has assumed increasing responsibilities and shown such aptitude that he was appointed assistant manager of high-strength steel on April 1, 1953, and was in that position when he was loaned by the United States Steel Corp. to the Iron and Steel Division. During such service, it has been necessary for him to work closely with other steel producers and with a great many steel-consuming industries which has given him a current knowledge of steel industry production and distribution methods, and has kept him in close touch with the rapid technological changes throughout the industry.

IRON AND STEEL PRODUCTS—WROUGHT AND CAST

(Either carbon, alloy, or stainless)

Ingots and semifinished (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal and strip
Rails and track accessories (joint bars, tie plate, track spikes)

Forged and rolled wheels and axles
Bars—hot rolled, cold finished, and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven-wire fence, barbed and twisted
Tin mill products (black plate, tin and terneplate, hot dipped tinplate, electrolytic plate)
Sheet and strip—hot rolled, cold rolled, galvanized, enameling, and electrical
Forgings—all types
Ferrous castings—all types
Pig iron
Refractories
Ferroalloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 18, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: Mr. Lawrence J. Halderman.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Lawrence J. Halderman as Director, General Components Division on a WOC basis.

Mr. Halderman was appointed to this position November 9, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

JANUARY 25, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 16, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: Dudley A. Hendrick, Acting Deputy Director, General Components Division.
Subject: WOC appointment of Mr. L. J. Halderman to position of Director.

This memorandum is prepared to complete the record of the appointment of Mr. L. J. Halderman, branch manager, Timken Roller Bearing Co., Los Angeles, Calif., manufacturers of antifriction bearings, on a full-time basis as WOC Director of the General Components Division. Mr. Halderman's company has agreed that he may serve for 6 months. It is therefore requested that his appointment be for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to a broad field of components. A list of the principal codes, for which this Division is responsible, is attached. Please note these codes break down into many segments some of which are somewhat unrelated.

Section .05 (b): In the broad field of mobilization readiness, it is extremely important to understand the position of the component industries. To most end-

product producers, components are really their raw materials. In other words, components are one step above actual raw materials in the sequence of production of any end product. Therefore, the careful and accurate planning of capacity is essential to the orderly production of end products as quickly as possible in case of an emergency. In short and by example, the airplane cannot be completed until the bearings, gears, nuts and bolts, etc., are on hand and in place.

The components field is both large in number of products and complicated by many segments within the product codes which bear only general relation to other segments. For example, the business of manufacturing miniature bearings, for delicate instruments, is far different in requirements of machine tools, production technique, raw materials, etc., than are the requirements for the production of large railroad journal bearings or steel mill rollneck bearings.

In this varied and complex field, serving virtually every end-product industry, each product is subject to constant technological changes, new processes, shifts in relative positions of the individual companies, radically changing military requirements, etc. In every phase of the defense and mobilization activities, listed above, all of these factors have a bearing on our planning. Sufficiently current familiarity with these industries cannot be found in career employees.

In order to cope with the wide range of products in this Division, it has been our practice to have WOC's from the principal industries on an unofficial rotating basis. For example, we have recently had a valve man, previously, men from the gear industry and fastener industry. These men have been especially capable in bringing current industry experience into our production capacity studies, planning for continuity of production in the event of disaster, and analyses of critical facilities, etc.

The foregoing activities require a current knowledge of industrial systems and methods not ordinarily found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained only by recent and extensive experience in the industry.

Section .05 (c) : During Mr. Halderman's term, we expect to bring to completion our component study on antifriction bearings and develop recommendations therefrom. His leadership in this field will obviously be of great importance. His knowledge of the antifriction bearing industry will also be invaluable perfecting the data being kept in our relocation center.

Mr. Halderman has been in the antifriction bearing business for 32 years with the Timken Roller Bearing Co., the largest in their field. With this company, he has held positions involving administration, planning, programing, sales, and sales management. It is well to point out that this type of sales work necessarily requires engineering ability, inasmuch as the product must serve the technical requirements of many different end products. We feel that we are fortunate in having such experience at hand in our mobilization readiness planning.

General Components Division

B PRODUCT CODES

[List of codes and products deleted]

Code	Industries within code	Approximate number of manufacturers	Approximate yearly dollar shipments
	Total, 65	2,677	4,088,258,000

A PRODUCT CODES

Code	Industries within code	Approximate number of manufacturers	Approximate yearly dollar shipments
34631	Stampings	2,200	1,500,000,000
3489598	Springs, precision	200	150,000,000
3495011	Screw machine production	1,800	400,000,000
	Total	4,200	2,050,000,000

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 17, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: George R. Davis, Deputy Director, Automotive Division.
Subject: WOC appointment of Mr. William R. Heilbrun to position of Director.

The purpose of this memorandum is to document, under the new procedure, the appointment of Mr. William R. Heilbrun, WOC Director of the Automotive Division, on a full-time basis from March 30, 1956, to September 30, 1956. The Ford Motor Co. has agreed to loan Mr. Heilbrun to the Business and Defense Services Administration for the 6-month period stated above.

In accordance with section 2.05 of the interim procedure for appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to the automotive industry.

Specifically, during the period Mr. Heilbrun will serve as Director of the Automotive Division, the Division will be engaged in the following activities and programs: Mobilization preparedness for the entire automotive industry. (See products listed on attached sheet.)

The automotive industry is the largest industry in the Nation currently consuming over 20 percent of the steel-mill products. The many problems regarding the quick change from normal civilian production to war material production and essential war-supporting civilian production are tremendous in scope.

The automotive industry is highly automated and is constantly changing production methods and systems and in order to prepare and keep current the necessary readiness planning in the event of mobilization to avoid all possible waste of critical material and manpower during a mobilization change-over period and obtain vitally needed end products with least possible delay, the Division requires the direction of a highly qualified man with current knowledge of the industry which can only be available to one who is currently active in the industry. Production capacity in relation to mobilization requirements must be determined for the many products being produced in the industry.

Section .05 (b): It is readily understood, we believe, that to perform the defense and mobilization activities, as mentioned above, this Division must have a well-qualified man with current knowledge of the industry's production techniques, systems, and methods.

Section .05 (c): Mr. Heilbrun, assistant director, production programing and control, Ford Motor Co., with over 27 years experience in the automotive industry, is well qualified to direct, advise, and guide the defense activities of this Division.

Produet	Code No.
Mechanical jacks	3423092
Motor vehicle hardware	3429193
Incandescent vehicular lighting equipment	34713
Automobile lifts	3562091
Hydraulic jacks	3569291
Automotive maintenance equipment	3589191
Aircraft ground maintenance equipment	3589192
Automotive test equipment (electric)	3613292
Passenger cars	37171
Automotive replacement parts	3717591
Accessories for motor vehicles	3717594
Automotive auxiliary components	3717595
Motor vehicle instruments	38214
Engines, except aircraft, over 750 r. p. m.	3519092
Carburetors, except aircraft	3599091
Engine, electrical equipment	3641092
Truck and bus bodies, commercial bodies and equipment	3713092
Truck trailers	37150
Motortrucks	37172
Motor coaches	37173
Parts and assemblies, motor vehicles	3717593

MEMORANDUM

JANUARY 30, 1956.

To: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of Vacancy in Operating Position.

The following position will become vacant in BDSA on or about February 22, 1956, as a result of the current incumbent completing his tour of duty:

Director, Automotive Division—GS–17

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no Qualified Salaried Employee Is Known To Be Available.
The recruitment sources of this Office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of the Applicant File, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 10, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

MARCH 1, 1956.

To: Mr. P. G. Asher, Director of Administration, BDSA.
From: Donald G. Shook, Deputy Director, Forest Products Division, BDSA.
Subject: WOC appointment of Mr. Harry V. Kiley to position of Director, Forest Products Division.

It is requested that Mr. Harry V. Kiley, now employed by Edens-Birch Lumber Co., Corrigan, Tex., as vice president and director and by Southwest Lumber Mills, Inc., Phoenix, Ariz. as a consultant, be appointed on a full-time basis as WOC Director in this Division. Mr. Kiley's firms have agreed that he may serve for 6 months. It is, therefore, requested that he be appointed for a 6-months' period.

In accordance with section 2.05 of the interim procedure for appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

(1) Defense Production Act of 1950.

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities;

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to the lumber and wood products; pulp, paper, and paperboard; and the printing and publishing industries.

Specifically, during the period of tenure of Mr. Kiley as director, the Division will be engaged and Mr. Kiley will participate in the following activities and programs: The Forest Products Division is developing a lumber-control order and conducting an overall review of its mobilization plans for the lumber industry. In this connection the Division is faced with a number of problems relating particularly to the South and Southwest which are vital to the mobilization program. This area is characterized by a preponderance of small sawmills which sell their output of rough, green lumber to concentration yards which sort, grade, season, and otherwise further process it for the market. The organization of these small mills and the integration of their production into the national lumber supply during war emergencies requires special consideration.

The area has undergone rapid technological and economic changes in recent years. The expansion of the pulp and paper industry has both intensified competition for timber and created an outlet for sawmill waste for conversion into pulp. Mechanization of logging, the installation of debarkers, and chippers at sawmills, and other changes also are taking place.

Other matters on which Mr. Kiley's specialized knowledge will be sought are: Individual plant capacities, equipment, and conversion potential; ability of various segments of industry, to meet projected requirements; feasibility of proposed standby orders and regulations; industry requirements for various materials at specified levels of operation; critical operations within various industry segments; individual plant expansions and change in location; and supplementary industry data for mobilization readiness fact books. Mr. Kiley will not aid in the development of policy nor will the formulation of policy be discussed with him.

Section .05 (b): The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

Section .05 (c): To this end we have been fortunate in locating a WOC, Mr. Harry V. Kiley, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period graciously accorded by his firm—a leader in the lumber industry of the South and Southwest.

Mr. Kiley has been engaged continuously in the production of pine and hardwood lumber in the South and Southwest for years and is thoroughly acquainted with the complexity of the forest industry in these areas and in the United States generally. Throughout his career he has been recognized as a leading authority on technical phases and operations within the industry.

JANUARY 17, 1956.

MEMORANDUM

To: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of vacancy in operating position.

The following position will become vacant in BDSA on or about January 31, 1956 as a result of the current incumbent completing his tour of duty: Director, Forest Products Division.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this Office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD, *Director of Personnel.*

FEBRUARY 2, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 19, 1956.

To: Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for Gilbert H. Krohn.

Submitted herewith are certificate concerning appointment without compensation and a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Gilbert H. Krohn as Chief, Stainless, Hi-Temp Alloy, and Tool Steel Branch, Iron and Steel Division on a WOC

basis. Forms SF–52, SF–57, SF–86, and SF–87 for Mr. Krohn were submitted to your office November 18, 1955.

The certificate and memorandum referred to above complete the data necessary for the appointment action of Mr. Krohn with the exception of the letter of agreement from the applicant that he will within 30 days from the date of appointment submit a financial statement to be filed in the Federal Register. However, Mr. Krohn was contacted and requested to accept appointment before the new procedure stated in BDSA Manual Interim Procedure, dated December 22, 1955, became effective. At that time Mr. Krohn indicated his willingness to submit the financial statement upon appointment. It is, therefore, requested that you proceed with the processes necessary to appoint Mr. Krohn immediately.

JANUARY 25, 1956.

There are no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 12, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. Gilbert Henry Krohn to position of Chief, Stainless, Hi-Temp Alloy, and Tool Steel Branch, Iron and Steel Division.

It is requested that Mr. Gilbert Henry Krohn, Babcock & Wilcox Co., tubular products division, Beaver Falls, Pa., producers of steel mill products, be appointed on a full-time basis as WOC Chief, Stainless, Hi-Temp Alloy, and Tool Steel Branch, Iron and Steel Division. Mr. Krohn's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international of iron and steel products and foundry products, and the facilities required for their production; products produced, both in a semifinished state for further fabrication and semifabricated products for consumption. (See attached product scope.) The defense activities and programs of this Division which the appointee, as Chief of the Stainless, Hi-Temp Alloy and Tool Steel Branch, is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise these military requirements and to develop feasibility studies as to industry capacity, from which will be established a basic data mobilization requirement sheet. This requires a knowledge of the interchangeability of producing facilities to make the various products and an understanding of the interrelationships of production practices in a very complex industry.

It will be the responsibility of the incumbent to develop studies on the capacities of the various producers of stainless, high-temperature alloy, and tool-steel products in their various forms. The incumbent must supervise the collection and tabulation of data required in connection with set-asides under the defense materials system and the industry's monthly reports of shipment. It is his responsibility to call to the attention of the Director of the Iron and Steel Division to any failure of producers to fulfill their requirements in connection with orders placed under the defense materials system. He shall be the focal point in the

Division of requests for information and assistance in connection with any of the products coming under the supervision of his Branch.

In the event mobilization requirements surveys indicate, after evaluation, that the facilities as available are not sufficient nor capable of producing military requirements in the proper sizes, grade, and type, expansion goals by product will have to be devised and recommended to the Office of the Director of this Division for submission to ODM, together with a practical method of achieving expansion of capacity by loan, tax amortization, or otherwise.

If industry expands its production in any of the fields supervised by the incumbent, it will be his responsibility to reevaluate and bring up to date the various studies that this branch has prepared in the past for submission to the Industry Evaluation Board. He is also responsible for keeping up to date the data which the Division has sent to the relocation center for use in an all-out emergency. He will participate in intergovernmental conferences and be in a position to advise the director on what actions should be taken with respect to specific industrial resource studies affiliated with and essential to the production of iron and steel products.

The incumbent will study and evaluate the present defense materials system and M–1A order as they affect military set-asides for the production of the products under his supervision, with a view of overhauling and revising these regulations where changed conditions make such action appropriate.

Section .05 (b) : The foregoing activities require a knowledge of the current methods used in the steel industry for the production of stainless, high-tempered alloy and tool steel products. It also requires a current knowledge of the interchangeability of producing facilities and an understanding of the relationship of production practices and processes of the iron and steel industry not ordinarily to be found in a full-time salaries employee. It is the responsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements, both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude, they must necessarily be of a joint Government-industry interest. This division, therefore, must with the full cooperation of industry, assure essential facilities and production of a balanced nature. To participate in the organization and activition of such surveys and studies, the position of the chief of the Stainless, Hi-Temp Alloy and Tool Steel Branch, requires a person of diversified experience in the production and distribution of the products supervised by that branch, which could only be gained over a long period of time and in the recent operations of this industry. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c) : To this end, we have been fortunate in locating a WOC. Mr. Gilbert H. Krohn, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, the tubular products division of the Babcock & Wilcox Co., a leader in the field of production of stainless, specialty, seamless, and welded tubing. Mr. Krohn has been connected with the stainless-steel tube business since August 1922, when he started with the Globe Steel Tube Co., of Milwaukee, Wis. In June of 1936, he was made district sales manager for Globe Steel Tube Co. and in July of 1950 became manager of sales of stainless and high allow tubing. When Babcock & Wilcox, through its tubular products division, purchased Globe Steel Tube Co., they retained Mr. Krohn as a special sales representative covering stainless, seamless, and welded tubing in the Midwest area. During his long service with Globe Steel Tube and recently with Babcock & Wilcox, it has been necessary for Mr. Krohn to work closely with other steel producers and with a great many steel-consuming industries, which has given him a current knowledge of the various applications and uses of the numerous types of stainless and high-temperature allow stainless. With the presently tight situation of nickel in the overall market, it is frequently necessary for steel producers to suggest lower nickel contents in stainless steel than customers used previously when nickel was more plentiful. Mr. Krohn's recent knowledge of this trend toward lower nickel content will be of extreme value to the Iron and Steel Division during his service here because it will help him to recommend the conservation of nickel where lower nickel stainless steels can produce satisfactory results. He is extremely well thought of by men in similar positions in the iron and steel industry, which will be of great value in securing cooperation between Government and the iron and steel industry.

IRON AND STEEL PRODUCTS—WROUGHT AND CAST

(EITHER CARBON, ALLOY, OR STAINLESS)

Ingots and semifinished (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal and strip
Rails and track accessories (joint bars, tie plate, track spikes)
Forged and rolled wheels and axels
Bars—hot rolled, cold finished and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven wire fence, barbed and twisted
Tin mill products (black plate, tin and turne plate, hot dipped tinplate, electrolytic plate)
Sheet and strip—hot rolled, cold rolled, galvanized, enameling and electrical
Forgings—all types
Ferrous castings—all types
Pig iron
Refractories
Ferro alloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 6, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: WOC appointment action for Irving P. Macauley.

Submitted herewith are certificate concerning appointment without compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment, and forms SF–52, SF–57, SF–86, and SF–87 for the appointment of Mr. Irving P. Macauley as Director, Aluminum and Magnesium Division.

The material referred to above completes the data necessary for the appointment action of Mr. Macauley with exception of the letter of agreement from the applicant that he will within 30 days from the date of appointment submit a financial statement to be filed in the Federal Register. However, Mr. Macauley was contacted and requested to accept appointment before the new procedure stated in BSDA Manual Interim Procedure, dated December 22, 1955, became effective. At that time Mr. Macauley indicated verbally his willingness to submit the financial statement upon appointment. It is, therefore, requested that you proceed with the processes necessary to appoint Mr. Macauley immediately.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

DECEMBER 30, 1955.

To: Mr. P. G. Asher, Director of Administration,
From: A. A. Snow, Assistant Director, Aluminum and Magnesium Division.
Subject: WOC appointment of Mr. Irving Post Macauley to position as Director.

It is requested that Mr. Irving Post Macauley, vice president, executive sales, Reynolds Metals Co., Third and Grace Streets, Richmond, Va., manufacturers and processors of aluminum, be appointed on a full-time basis as a WOC Director of the Aluminum and Magnesium Division. Mr. Macauley's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to properly carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international, of aluminum and magnesium materials and facilities required for their production; products produced, both in a raw state for further fabrication and semi-fabricated products for consumption. (See attached Product Scope.) The defense activities and programs of the Division which the appointee will direct the performance of and his responsibilities and duties therewith are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise these military requirements and to develop with the producing industry a supply-demand analysis from which will be established a basic data mobilization requirement sheet.

Essential military requirement surveys will develop and make necessary component studies on individual aluminum products, such as, forgings, extrusions, castings, sheet and plate, etc. Two such studies are now under way and will have to be evaluated upon completion by the incumbent.

In the event mobilization requirement surveys indicate after evaluation that facilities as available are not sufficient nor capable of producing military requirements, expansion goals by product will have to be devised and recommended by the incumbent to ODM, together with a method of achieving expansion of capacity by loan, tax amortization, or otherwise.

Studies and surveys of those aluminum and magnesium facilities now on the selected lists, as well as other producing facilities, must be reviewed and revised periodically. Method of determining vulnerable facilities and classifying them must be devised. The incumbent must assist management of all producing companies in the establishment of preattack and postattack policies and plans to assure continuity of production and of management in the event of an emergency.

Mobilization requirements and facilities for production of aluminum and magnesium must be evaluated and proper recommendations made with respect to stockpiling. It must be determined also what actions are to be taken with respect to specific industrial resources studies—bauxite, alumina, cryolite, and other chemicals, metals, and minerals affiliated with and essential to the production of aluminum.

Determine what further studies by geographical location are to be made with respect to means and methods to be taken to assess damage and suggest replacement actions necessary in the event of bomb attack. Survey and study the industry as a whole with the idea of suggesting a dispersal program covering the vulnerable segments of both aluminum and magnesium industries.

Draft standby orders, manning tables, production scheduling methods, and inventory controls so as to enable the industry to transfer from peacetime to wartime production with as little disruption as possible. Check the adequacy of all available data by relocation exercise development and participation.

Study and evaluate the present defense materials system and M-order as they affect military set-asides for production, with a view of overhauling and revising these regulations. This action is so that production set-asides can be made to become fully effective within the shortest possible time in the event of a national emergency.

Section .05 (b): The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It is the responsibility of the Aluminum and Magnesium Division to visualize the industry as a whole and to assure adequate supply requirements in the event of mobilization. Essential studies and surveys to ascertain the facts are of such a magnitude they must necessarily be of a joint Government-industry interest. This Division, therefore, must, with the cooperation of industry embark upon a program which will assure essential facilities and production of a balanced nature. To organize and activate such surveys and studies requires a person of diversified experience which could be gained only over a long period of time and in the comparatively recent expansion of this industry.

Section .05 (c): Mr. Irving Post Macauley is by education and experience well qualified for this undertaking. He has been an active part of the industry

for the past 36 years. In addition to his executive sales work, he, as an engineer, has designed and supervised the building and operation of extrusion, forging, and powder plants. He is familiar with producing and manufacturing problems. It is the consensus he can furnish the requisite guidance essential for this task over the 6-month period which he has, with the consent and approval of his firm, agreed to serve on a WOC basis.

ALUMINUM PRODUCTS—WROUGHT AND CAST

(List deleted.)

MAGNESIUM PRODUCTS—WROUGHT AND CAST

(List deleted.)

MEMORANDUM

DECEMBER 28, 1955.

To: Director of Personnel.
From: Administrator, BDSA (original signed by H. B. McCoy, Acting Administrator.
Subject: Notice of Vacancy in Operating Position.

The following position will become vacant in BDSA on or about February 15, 1956 as a result of the current incumbent completing his tour of duty: Director, Aluminum and Magnesium Division, GS–17.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this Office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This determination is based on review of employees currently on BDSA rolls, Reemployment Priority List, and applicant file.

CARLTON HAYWARD, *Director of Personnel.*

January 12, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 31, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: Mr. Roger H. Martin.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Roger H. Martin as Chief, Flat Rolled and Tubular Branch, Iron and Steel Division on a WOC basis.

Mr. Martin was appointed to this position on December 12, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

FEBRUARY 1, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 20, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. Roger H. Martin to position of Chief, Flat Rolled and Tubular Branch, Iron and Steel Division.

It is requested that Mr. Roger H. Martin, Jones & Laughlin Steel Corp., Pittsburgh, Pa., producers of steel mill products, be appointed on a full-time basis as WOC Chief, Flat Rolled and Tubular Branch, Iron and Steel Division. Mr. Martin's corporation has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this Branch must determine and assure a continuous study of the peacetime and wartime supply and demand of iron and steel products, and the facilities required for their production; products produced, both in a semifinished state for further fabrication and semifabricated products for consumption (see attached product scope). The defense activities and programs of this Branch which the appointee, as Chief of the Flat Rolled and Tubular Branch, is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise those military requirements as they effect the products under his supervision and to develop feasible studies as to industry capacity, from which will be established a basic data mobilization requirements sheet. This requires a knowledge of the interchangeability of producing facilities to make various products and an understanding of the interrelationships of production practices in a very complex industry. It will be the responsibility of the incumbent to constantly review the data maintained at the relocation center and to keep it current with announced increases in ingot production or processing facilities which are reported from time to time by the American Iron and Steel Institute.

It will be the responsibility of the incumbent to adjust, where necessary, various studies previously submitted by his Branch to the Industry Evaluation Board. In the event mobilization requirements surveys indicate, after evaluation, that the facilities as available are not sufficient nor capable of producing military requirements in the proper sizes, grades and types, expansion goals by products will have to be devised and recommended to the Director of the Division for eventual submission to ODM, together with a suggested practical method of achieving expansion of capacity by loan, tax amortization, or otherwise.

The incumbent is responsible, through his staff, for the analysis and tabulation of data reported by steel producers as required by DMS regulations supplemented by Order M–1A. He will participate in intergovernmental conferences on mobilization and be in a position to advise the Director on what actions should be taken with respect to industrial resource studies affiliated with and essential to the production of iron and steel products.

The incumbent will study and evaluate the present defense materials system and Order M–1A as they affect military set-asides for production with a view of overhauling and revising these regulations where changed conditions make such actions appropriate.

Section .05 (b): The foregoing activities require a knowledge of the current production and distribution methods of the steel industry. It also requires a current knowledge of the interchangeability of producing facilities and an understanding of the relationship of production practices and processes of the steel industry not ordinarily found in a full-time salaried employee. It is the re-

sponsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude, they must necessarily be of a joint Government-industry interest. This Division, therefore, must with the full cooperation of industry assure essential facilities and production of a balanced nature to participate in the organization and activities of such surveys and studies. The position of Chief of the Flat Rolled and Tubular Branch, requires a person of diversified experience in production and distribution which could only be gained over a long period of time and in the recent operations of this industry where numerous technological changes are steadily being made. Accordingly, it has been concluded that the duties of this position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c): To this end we have been fortunate in locating a WOC, Mr. Roger H. Martin, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, the Jones & Laughlin Steel Corp., a leader in the field of production of steel-mill products. After graduating from Illinois Wesleyan University in 1938, Mr. Martin joined the Joseph T. Ryerson & Son, Inc., in their Chicago warehouse which gave him a thorough knowledge of the distribution of steel-mill products. In 1942 he joined the Hamnifin Manufacturing Co., Chicago, Ill., large users of steel mill products. In May 1943, he joined the Jones & Laughlin Steel Corp., in Pittsburgh. From May 1945 through July 1946 he served with the armed services and then on his honorable discharge he went back to Jones & Laughlin Steel Corp., and has been with them ever since. During this better than 9 years with the Jones & Laughlin Steel Corp., he has had a chance to become thoroughly familiar with production and distrbution problems of the iron and steel industry. He has worked up through progressively important positions to become assistant manager of Tubular Products which position he held when he was loaned by his company to the Iron and Steel Division of BDSA. During such service, it has been necessary for him to work closely with other steel producers and with a great many steel-consuming industries which has given him a current knowledge of steel production and distribution methods, and has kept him in touch with the rapidly increasing techniological changes in the industry.

IRON AND STEEL PRODUCTS—WROUGHT AND CAST

(Either carbon, alloy, or stainless)

Ingots and semifinshed (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal, and strip
Rails and track accessories (joint bars, tie plate, track spikes)
Forged and rolled wheels and axles
Bars—hot rolled, cold finished, and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven-wire fence, barbed and twisted
Tin-mill products (black plate, tin and terne plate, hot dipped tin plate, electrolytic plate)
Sheet and strip—hot rolled, cold rolled, galvanized, enameling and electrical
Forgings—all types
Ferrous castings—all types
Pig iron
Refractories
Ferroalloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 5, 1956.

To: Dr. P. G. Asher, Director of Administration.
From: Carney G. Laslie, Jr., Deputy Director, Electrical Equipment Division, BDSA.
Subject: WOC appointment of Mr. T. B. Martin to position of Director.

It is requested that T. B. Martin, now employed by Square D Co., Milwaukee, Wis., manufacturers of motor controls, low-voltage distribution equipment, and industrial controls, be appointed on a full-time basis as a WOC Director in this Division. Mr. Martin's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

This Division is responsible for carrying out the above functions and activities as they relate to the Electrical Equipment Division.

During the next 6 months the Division will be engaged in, and Mr. Martin will participate in, the following activities and programs: A study of the productive capability of the industrial-control and motor-control industries. During both World War II and Korea great difficulty was experienced in obtaining an accurate picture of the motor control and industrial control capabilities of this country due to the large number of highly specialized installations. This field is one in which technological advances have come rapidly and which is in a state of constant flux. Due to these conditions it has been impossible for the Division to prepare for mobilization in this area to the extent that the related industries have been covered.

If we are to insure adequate mobilization data we must immediately embark upon a program designed to ascertain the capacity of the industry to produce the requirements of the military and essential civilian industries for this equipment and to determine the necessity for any expansion in this field.

We have never been able to obtain the services, on a salaried basis, of qualified personnel with sufficient industrial experience and knowledge of this industry to organize and activate such a study. This problem has been attacked several times by members of the existing staff but we have reached the conclusion that it would be necessary to obtain a qualified representative of the industry, from a staff or management level, to insure the successful completion of the study.

In addition to this, the interrelationship of industrial controls, motors, rectifiers, etc., has not been sufficiently worked out in the past. This has been due to the fact that the Division has concerned itself primarily with transmission and distribution equipment due to the urgency of work in these fields.

Section .05 (b): The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

Section .05 (c): The Electrical Equipment Division has been very fortunate in locating a WOC, Mr. Terry B. Martin, who is eminently qualified for this position and can furnish the requisite guidance over the entire operations of the Division due to his broad experience in the electrical field.

Mr. Martin is an engineer, with over 30 years experience in all phases of the industrial-control and motor-control operations. His company is the largest producer of this equipment in the United States. Mr. Martin is familiar with the control activities carried on during Korea and during World War II; when he acted as CMP officer for his company. As methods engineer, he was responsible for the correlation of inventory requirements with productive needs and productive controls. He has served as sales manager and is thoroughly familiar with the uses of the product sales and production methods. For this reason, we recommend that Mr. Martin be appointed on a full-time basis as a WOC Director of the Electrical Equipment Division. It is requested that efforts be made to obtain Mr. Martin's services on or before February 15, 1956, at which time Mr. John L. Cross must return to his company.

MEMORANDUM

JANUARY 4, 1956.

To: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of vacancy in operating position.

The following position will become vacant in BDSA on or about February 15, 1956, as a result of the current incumbent completing his tour of duty: Director, Electrical Equipment Division.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 2, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 12, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: Mr. Frederick A. Merliss.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Frederick A. Merliss as Deputy Director, Aluminum and Magnesium Division, on a WOC basis.

Mr. Merliss was appointed to this position November 30, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

JANUARY 25, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 10, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: A. A. Snow, Assistant Director, Aluminum and Magnesium Division.
Subject: WOC appointment of Mr. Frederick A. Merliss to position of Deputy Director.

This memorandum will serve as a justification for the appointment of Mr. Frederick A. Merliss, general superintendent and director of the United Smelting & Aluminum Co., Inc., New Haven, Conn., processors of aluminum, on a full-time basis as a WOC Deputy Director of the Aluminum and Magnesium Division. His company has agreed that he may serve for 6 months.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to properly carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international, of aluminum and magnesium materials and facilities required for their production; products produced, both in a raw state for further fabrication and semi-fabricated products for consumption. (See attached Product Scope.) The defense activities and programs of the Division which the appointee will direct the performance of and his responsibilities and duties therewith are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise these military requirements and to develop with the producing industry a supply-demand analysis from which will be established a basic data mobilization requirement sheet.

Essential military requirement surveys will develop and make necessary component studies on individual aluminum products, such as forgings, extrusions, castings, sheet and plate, etc. Two such studies are now underway and will have to be evaluated upon completion by the incumbent.

In the event mobilization requirement surveys indicate after evaluation that facilities as available are not sufficient nor capable of producing military requirements, expansion goals by product will have to be devised and recommended by the incumbent to ODM, together with a method of achieving expansion of capacity by loan, tax amortization, or otherwise.

Studies and surveys of those aluminum and magnesium facilities now on the selected lists, as well as other producing facilities, must be reviewed and revised periodically. Method of determining vulnerable facilities and classifying them must be devised. The incumbent must assist management of all producing companies in the establishment of preattack and postattack policies and plans to assure continuity of production and of management in the event of an emergency.

Mobilization requirements and facilities for production of aluminum and magnesium must be evaluated and proper recommendations made with respect to stockpiling. It must be determined also what actions are to be taken with respect to specific industrial resources studies—bauxite, alumina, cryolite, and other chemicals, metals, and minerals affiliated with and essential to the production of aluminum.

Determine what further studies by geographical location are to be made with respect to means and methods to be taken to assess damage and suggest replacement actions necessary in the event of bomb attack. Survey and study the industry as a whole with the idea of suggesting a dispersal program covering the vulnerable segments of both aluminum and magnesium industries.

Draft standby orders, manning tables, production scheduling methods, and inventory controls so as to enable the industry to transfer from peacetime to wartime production with as little disruption as possible. Check the adequacy of all available data by relocation exercise development and participation.

Study and evaluate the present defense-materials system and M-Order as they affect military set-asides for production, with a view of overhauling and revising these regulations. This action is so that production set-asides can be made to become fully effective within the shortest possible time in the event of a national emergency.

Section .05 (b). The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It is the responsibility of the Aluminum and Magnesium Division to visualize the industry as a whole and to assure adequate supply requirements in the event of mobilization. Essential studies and surveys to ascertain the facts are of such a magnitude they must necessarily be of a joint Government-industry interest. This division, therefore, must with the cooperation of industry embark upon a program which will assure essential facilities and production of a balanced nature. To organize and activate such surveys and studies requires personnel of diversified experience which could be gained only over a long period of time and in the comparatively recent expansion of this industry.

Section .05 (c). Mr. Frederick A. Merliss is by education and experience well qualified for this undertaking. He has been an active part of the processing industry for the past 38 years. In addition to his executive sales work, he, as an

engineer, has designed and supervised the building and operation of aluminum furnaces and processing equipment. He is familiar with manufacturing problems. It is the consensus he can furnish the requisite assistance and guidance essential for this task over the 6-month period which he has, with the consent and approval of his firm, agreed to serve on a WOC basis.

ALUMINUM PRODUCTS—WROUGHT AND CAST

(List of products deleted.)

MAGNESIUM PRODUCTS—WROUGHT AND CAST

(List of products deleted.)

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 18, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: Mr. Clifford G. Pommer.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Clifford G. Pommer as Director, Shipbuilding, Railroad, Ordnance, and Aircraft Division on a WOC basis.

Mr. Pommer was appointed to this position November 14, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

JANUARY 25, 1956.

To the best of our knowledge, there were no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 13, 1956.

To: P. G. Asher, Director of Administration.
From: Francis H. Winget, Deputy Director, Shipbuilding, Railroad, Ordnance, and Aircraft Division.
Subject: Documentation of Mr. Clifford C. Pommer's appointment to the position of WOC Director.

The purpose of this memorandum is to complete the documentation of the appointment of Clifford G. Pommer, WOC, from General Electric Co., Schenectady, N. Y. Mr. Pommer was appointed full-time WOC Director of this Division on November 14, 1955. The General Electric Co. has agreed that he may serve for a 6-month period.

Since the area over which the Division has cognizance includes four large, separate, and distinct industries, namely, the shipbuilding industry, including ship repair and conversion; the ordnance industry (small arms, ammunition, and blasting accessories); the railway equipment industry, including railway maintenance, repair, and operating supplies; and the aircraft manufacturing industry, it becomes necessary to secure the services of a WOC Director who is qualified and who has had experience in one or more of these industries in the months last past preceding his appointment. In the case of Mr. Pommer, he has had recent experience with his company in the manufacture of aircraft parts and components, and ship propulsion. Therefore he comes well qualified for the position which he holds as full-time WOC Director of this Division. The General Electric Co. also manufactures many other items over which this Division has cognizance, such as electric and diesel-electric locomotives, etc.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a). The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the Shipbulding, Railroad, Ordnance, and Aircraft Division of BDSA performs the following defense and mobilization activites pertaining to its respective industries.

* * * * * * *

Section .05 (b): The foregoing activities require voluntary contributions of time and expense on the part of industry. Hence the advantages of having an industry man as WOC Director are of such great importance that they become prerequisites. His activities require an intimate and current knowledge of industrial systems and methods; a knowledge which cannot reasonably be obtained and maintained by full-time salaried Government employees. It has accordingly been concluded that the duties of the position require an outstanding combination of knowledge, experience, and ability such as can be gained during the period last preceding appointment.

Section .05 (c): To this end we have been fortunate in locating a WOC, Mr. Pommer, who not only qualifies admirably with his background and industry experience, but who can furnish for this task the requisite guidance and results over the 6-month period graciously accorded by his firm. Mr. Pommer's experience has been broad and well balanced; including engineering, production, testing, and marketing. In addition, he is exceptionally well informed on Government organization, operation, and requirements, having held (with this company) positions of requisition engineer for the aeronautical and marine department, and manager of the ordnance division, Federal and marine department.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 4, 1956.

To: Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, Business and Defense Services Administration.
Subject: WOC appointment action for R. Chester Reed.

Submitted herewith are Certificate Concerning Appointment Without Compensation, Form WOC–2 and a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. R. Chester Reed as Deputy Director, Containers and Packaging Division, on a WOC basis. Forms SF–52, SF–57, SF–86, and SF–87 for Mr. Reed were submitted to your office November 4, 1955.

The certificate, Form WOC–2 and the memorandum referred to above complete the data to support the SF–52 as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955. It is, therefore, requested that you proceed with securing the Secretary's approval of this action so that Mr. Reed may be sworn in as soon as possible.

JANUARY 10, 1956.

There are no candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

MEMORANDUM

JANUARY 4, 1956.

To: Mr. P. G. Asher, Director of Administration.
From: Charles A. Lewis, Director, Containers and Packaging Division.
Subject: WOC Appointment of Mr. R. Chester Reed, to position of Deputy Director.

It is requested that Mr. R. Chester Reed, supervisor, packages and shipping division, the Texas Co., 135 East 42d Street, New York 17, N. Y., manufacturers and distributors of petroleum and related products, be appointed on a full-time basis as a WOC Deputy Director of the Containers and Packaging Division. Mr. Reed's company has agreed that he may serve for 6 months. It is, therefore, requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the interim procedure for appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to properly perform its functions and responsibilities under the foregoing delegations and requests, the Containers and Packaging Division must carry forward a continuing study of the peacetime and wartime supply and demand, both domestic and international, of containers and packaging materials and facilities required for their production (see attached product scope). The defense activities and programs of the Division which the appointee will direct the performance of and his specific assignments and duties therewith are as follows:

Pursuant to the Office of Defense Mobilization's assignment to the Department of Defense Mobilization Responsibilities section .05 (a), (6), (8), (11), the Division has developed 23 mobilization base or fact books covering over 50 container industries. One of the specific functions of Mr. Reed will be to review these mobilization studies and the data and information contained therein with respect to their practical applicability in time of national emergency. Some of the major points in this review would be whether the data were adequate, sufficient in scope, realistic, and could be applied with reasonable assurance that it would provide a mechanism for measuring such things as bomb damage assessment, surviving productive ability, essential distribution, potential rehabilitation, etc.

Assist in the direction of a program to develop standby orders on containers and packaging products and materials. This includes the drafting of procedures and regulations to assure the maximum production and essential distribution of containers in time of national emergency as well as the conservation of critical and strategic raw materials use. For example, the potential ramifications of a control order on metal cans are so complex, in view of the high essentiality to the economy and military of the end products packaged and the criticality of the basic raw materials consumed in production, i. e., steel, tin, aluminum, etc., that the mechanics of an equitable control involve and require not only a detailed knowledge of the manufacturing industry but of the using industries such as processors and packers of foods, petroleum, chemicals, drugs, pharmaceuticals, antibiotics, etc. Of particular importance and value here is the appointee's recency of industry experience and knowledge of the problems confronting a user of the product on which the proposed standby order would have effect.

Mr. Reed brings to the Division the unique qualification of being familiar with almost all types of packaging and particularly with regard to containers used in the petroleum industry, one of the most important defense supporting areas in time of war. To correct a deficiency in our mobilization planning in the metal drum and pail and metal can industry areas, Mr. Reed will initiate and direct a study to determine both peacetime and wartime requirements for these containers for the packaging of petroleum and other products. Essential military surveys have and are still developing which will make necessary requirement studies such as the foregoing. A military plan for providing adequate assured stocks of steel drums and pails is now underway which needs to be evaluated and reviewed by the incumbent.

In the event mobilization requirement surveys indicate after evaluation that facilities as available are not sufficient nor capable of producing both military and essential civilian requirements, expansion goals by product will have to be devised and recommended by the incumbent to ODM. Further evaluations and recommendations will be necessary by the incumbent as to how such goals can best be achieved and the productive deficiencies corrected.

Trade sources have indicated there may be upwards of 300,000 industrial users or consumers of containers and packaging materials in the United States. Mr. Reed will establish a program designed to ascertain and evaluate those areas where conservation measures can be initiated in time of war—and where substitute or alternative containers can be used and/or developed.

The incumbent will assist in the direction of a Division program to develop better and more up-to-date capacity and production data for mobilization planning purposes in those container industry areas where no reliable current data are now available, e. g., steel drums and pails, gas cylinders, metal strapping, fiber drums, fiber cans and tubes and fibrous glass reinforced plastic containers.

Direct the development of a glossary of standard packaging terms for use in the establishment of a Government specification in this respect. Of great assistance in time of war, would be the prior development and use of standard packaging terminology, consistent with the operation and practices of both

Government and industry, with particular emphasis on its value to the military services—who now have to contend with varying, conflicting and confusing packaging terminology in its logistics and supply system. Proper cataloging and identification of packaged products and materiel so that they can be readily and accurately identified, inspected, shipped, handled, inventoried and stored in the logistics and supply system, would be immeasurably assisted by the development of a glossary of standard terms. Mr. Reed's lengthy experience and background in the container and packaging field, his close and active association with professional industry groups and societies, who have carried forward development work in this respect, plus his recency of industry employment, will make him particularly invaluable in guiding this project.

Mobilization requirements and facilities for packaging and storage of stockpile materials, as well as requirements of stockpile materials for container production in time of national emergency, must be evaluated and proper recommendations made with respect thereto. Of particular criticality to container production are the stockpiled materials such as tin, selenium, cobalt, aluminum, etc. The incumbent, in view of his recency of industry experience, will review and evaluate these programs in line with new developments and requirements in the container industries and make recommendations pertinent thereto.

Section .05 (b): The foregoing activities require a current knowledge of industrial systems and methods not ordinarily found in full-time salaried Government employees. The vast number and interchange of containers and alternative types and methods has always made this field particularly complex. Now with an increasing emphasis on automation, not only long and basic fundamental actual background and employment in the field is required, but very recent experience in newly developing industry methods and techniques is a must. It is concluded, therefore, that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by very recent employment in the industry.

Section .05 (c): Mr. R. Chester Reed is by education and experience well qualified for this undertaking, and we have been extremely fortunate in locating a person of his ability. He has spent over 35 years with the Texas Co., most of these years being spent in connection with containers and packaging. He has long supervised the packaging and container development and operations of the Texas Co. His familiarity with all types of packaging places a unique and particular high value on his services. His stature in packaging circles is pointed up by his selection as vice president of the Packaging Institute, and as a member of many other packaging committees, groups and societies. We are indeed fortunate to have the opportunity of securing the services of Mr. Reed from the Texas Co. for the ensuing 6 months period. We believe he can make an invaluable contribution to the Division.

PRODUCT SCOPE—CONTAINERS AND PACKAGING

Paper and paperboard containers:
- Paper Bags:
  - Grocery and variety bags
  - Specialty bags
  - Other bags
  - Paper shipping sacks
- Paperboard containers:
  - Solid fiber and corrugated shipping containers
  - Folding paper boxes
  - Setup paper boxes
  - Other paperboard boxes
  - Special food board:
    - Paper cups and round
    - Nested food containers
  - Paraffin cartons:
    - Pails and food cartons
    - Paperboard milk containers
    - Liquid tight containers
- Fiber cans and tubes:
- Fiber drums

Plastic containers:
- Films:
  - Cellophane
  - Polyethylene
  - Acetate
  - Pliofilm
  - Saran
  - Mylar
  - Vinyl films
  - Cry-O-Rap
- Casings for meat
- Squeeze bottles
- Molded and fabricated containers

Textile containers

Metal containers:
- Metal cans
- Steel shipping barrels and drums
- Steel shipping packages, kegs and pails
- Fluid milk shipping containers
- Steel and aluminum beer barrels
- Metal commercial closures
- Metal home canning closures
- Crowns (stamped)
- Collapsible tubes (metal)
- Metal strapping and accessories
- Compressed gas cylinders
- Reels and spools
- Stamped containers
- Wire ties and bails
- Aerosol valves
- Metal ice-cream cans

Aluminum foil

Glass containers

Materials handling packaging

Wooden containers:
- Nailed wooden boxes
- Wire bound boxes
- Box shooks (fruit, vegetable, industrial)
- Fruit and vegetable baskets
- Tight cooperage
- Slack cooperage
- Tobacco hogsheads
- Veneer baskets and hampers
- Milk bottle crates
- Plywood containers

Related specialties:
- Pressure sensitive tapes
- Cushioning and packing materials
- Adhesives for packaging
- Printing inks for packaging
- Gummed paper tapes
- Molded pulp trays and containers
- Cords, twine, rope
- Ribbons, ties, flocking
- Crocks and jars (ceramic)
- Capsules and ampules
- Labels, seals, and tags

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 23, 1956.

To: Carlton Haywood, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for James F. Reid.

Submitted herewith are certificate concerning appointment without compensation and a memorandum including concise and specific statement with respect to the circumstances of the appointment of Mr. James F. Reid as Chief, Ferro Alloys Branch, Iron and Steel Division, on a WOC basis. Forms SF–52, SF–57, SF–86, and SF–87 for Mr. Reid were submitted to your office December 5, 1955.

The certificate and memorandum referred to above complete the date necessary for the appointment action of Mr. Reid with the exception of the letter of agreement from the applicant that he will within 30 days from the date of appointment submit a financial statement to be filed in the Federal Register. However, Mr. Reid was contacted and requested to accept appointment before the new procedure stated in BDSA Manual Interim Procedure, dated December 22, 1955, became effective. At that time Mr. Reid indicated his willingness to submit the financial statement upon appointment. It is, therefore, requested that you proceed with the processes necessary to appoint Mr. Reid immediately.

MARCH 15, 1956.

There are no candidates available, from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 16, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. James F. Reid to position of Chief, Ferro Alloys Branch, Iron and Steel Division.

It is requested that Mr. James F. Reid, the Timken Roller Bearing Co., Canton, Ohio, producers of steel mill products be appointed on a full-time basis as WOC Chief, Ferro Alloys Branch, Iron and Steel Division. Mr. Reid's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the interim procedure for appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international, of the various ferro-alloying elements, such as tungsten, chrome, vanadium, nickel, etc., and the facilities required for their production and the products produced for use in alloying steels (see attached product scope). The defense activities and programs of this Division which the appointee, as Chief of the Ferro-Alloys Branch is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise these military requirements in the light of their need of ferro-alloying elements and to develop feasibility studies as to industry capacity from which will be established basic data mobilization requirement sheets for the various alloying elements. This requires a knowledge of the ability of the producing facilities to produce various ferro-alloying elements and an understanding of the interrelationships of special production practices in a very complex industry.

It will be the responsibility of the incumbent to confer frequeutly with the Department of Defense, Atomic Energy Commission, and the Office of Defense Mobilization for the development of studies to determine the need and the quantities required of the various ferro-alloying elements for full mobilization. It will also be the responsibility of the incumbent to make recommendations in connectiou with the stockpiliug of various items in short supply, the rate of acquisition and withdrawals, etc.

In the event mobilization requirement surveys indicate, after evaluation, that the facilities as available are not sufficient nor capable of producing the military requirements iu the proper grade aud type, expansion goals by product will have to be devised and recommended to the Office of the Director of this Division for submission to the Office of Defense Mobilization, together with a practical method of achieving expansion of capacity by loan, tax amortization, or otherwise.

The incumbent will propose changes in present orders and regulations, plus standby orders and regulations which he deems necessary in the eveut of full mobilization.

Section .05 (b) : The foregoing activities require a knowledge of the current methods used in the steel industry in the production of alloy, stainless, hi-temp, and heat resisting steels. Such knowledge must include the metallurgical uses of various alloying elements, either singly or in combination. It requires a current knowledge of what producing facilities can produce varying ferro-alloying elements and an understanding of the relationship of productitou practices and processes of the iron and steel industry not ordinarily to be found in a full-time salaried employee. Due to the continued advances in technological development throughout the iron and steel industry, the position as Chief of the Ferro-Alloys Branch requires the services of a man who has been active in industry while these technological changes have been developed and put into practice. It is the responsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements, both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertaiu the facts are of such magnitude they must necessarily be of a joint Government-industry interest. This Division therefore must, with the full cooperation of industry, assure essential facilities and production of a balanced nature. To participate in the organization and activiatiou of such surveys and studies, the position of Chief of the Ferro-Alloys Branch requires a person of widely diversified experience in the production, distribution, and uses of the products supervised by that Branch, which can only be gained over a long period of time and in the recent operatious of this industry. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c) : To this end, we have been fortunate in locating a WOC, Mr. James F. Reid, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, the Steel and Tube Division of the Timken Roller Bearing Co., a leader in the field in the production of alloy and stainless steels, which requires a thorough knowledge of the various ferro-alloying elements. Mr. Reid joined the steel and tube division of Timken in January of 1919 and worked up through various departments to the position which he now holds. As production manager, Mr. Reid was responsible for scheduling of all the roller bearing manufacture operations and electric furnace steel melting production, both for bearing steels and alloy and stainless steels, such as those manufactured by the Steel and Tube Division for distribution and sale to consumers. As production manager, it was essential that he have a thorough knowledge of all the ferro-alloying elements, including their uses in steel-melting operations, their various effects on the physical qualities of the steel and the source of supply from which they are available. Mr. Reid was on loan to the War Production Board from 1942 to 1944 where he worked in the Ferro-Alloys Branch and in the Alloy Steel Branch, where his intimate knowledge of metallurgy proved extremely valuable to the Steel Division. During the operations of the National Production Authority, Mr. Reid was called in frequently for consultation in connection with certain metallurgical problems, so he already has a fair uuderstanding of the problems facing the Ferro-Alloys Branch in connection with its development of requirements, etc., for full mobilization. During his services with Timken, with the War Production Board, and the National Production Authority, it has been necessary for him to work closely with other steel producers and with a great many steel consuming industries which has

given him a current knowledge of the metallurgical changes which have taken place in steel production during the last 8 to 10 years. He is extremely well thought of by men in similar positions in the iron and steel industry, which will be of great value in securing cooperation between Government and the iron and steel industry.

IRON AND STEEL PRODUCTS: WROUGHT AND CAST

(Either Carbon, Alloy, or Stainless)

Ingots and semifinished (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal and strip
Rails and track accessories (joint bars, tie plate, track spikes)
Forged and rolled wheels and axles
Bars: Hot rolled, cold finished, and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven-wire fence, barbed and twisted
Tin-mill products (black plate, tin and terneplate, hot dipped tinplate, electrolytic plate)
Sheet and strip: Hot rolled, cold rolled, galvanized, enameling, and electrical
Forgings: All types
Ferrous castings: All types
Pig iron
Refractories
Ferro alloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

JANUARY 9, 1956.

MEMORANDUM

To: Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: WOC appointment action for William L. Sandston.

Submitted herewith are certificates concerning appointment without compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment and Form WOC–2 for the appointment of Mr. William L. Sandston as Chief, Business Research and Analysis Branch, Iron and Steel Division, on a WOC basis, Forms SF–52, SF–57, SF–86 and SF–87 for Mr. Sandston were submitted to your office October 27, 1955.

The certificate, memorandum and WOC–2 referred to above complete the data to support the SF–52 as set forth in the BDSA Manual Interim Procedure on WOC Appointments. It is, therefore, requested that you proceed with securing the Secretary's approval of this action so that Mr. Sandston may be sworn in as soon as possible.

JANUARY 27, 1956.

There are no candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 6, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. William LaRoss Sandston to position of Chief, Business Research and Analysis Branch, Iron and Steel Division.

It is requested that Mr. William LaRoss Sandston, Armco Steel Corp., 703 Curtis Street, Middletown, Ohio, producers of steel-mill products and processors of steel-mill products, be appointed on a full-time basis as WOC Chief, Business Research and Analysis Branch, Iron and Steel Division. Mr. Sandston's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international of iron and steel products and foundry products, and the facilities required for their production; products produced, both in a semifinished state for further fabrication and semifabricated products for consumption (see attached product scope). The defense activities and programs of this Division which the appointee, as Chief of the Business Research and Analysis Branch, is responsible for are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise these military requirements and to develop feasibility studies as to industry capacity, from which will be established a basic data mobilization requirement sheet. This requires a knowledge of the interchangeability of producing facilities to make the various products and an understanding of the interrelationships of production practices in a very complex industry.

It will be the responsibility of the incumbent to confer with product specialists in the Iron and Steel Division for the development of studies on the capacities of the individual iron and steel products, such as hot rolled bars, shell steel billets, forgings, plates, structural shapes, sheet and strip, etc. Such a study is now underway in connection with the ability of the steel industry to meet the Department of Defense requirements for shells to be produced by the hot cup cold extrusion process, which requires knowledge of special chemistry, special finishing, etc.

In the event mobilization requirement surveys indicate, after evaluation, that the facilities as available are not sufficient or capable of producing military requirements in the proper sizes, grade, and type, expansion goals by product will have to be devised and recommended to the Office of the Director of this Division for submission to ODM, together with a practical method of achieving expansion of capacity by loan, tax amortization, or otherwise.

The incumbent must assist other Branches of the Iron and Steel Division in coordinating the individual studies from a feasibility point of view.

The incumbent, through the staff of the Business Research and Analysis Branch, will coordinate and develop changes in present orders and regulations plus standby orders and regulations which will be necessary in the event of full mobilization. The incumbent is responsible, through his staff, for the collection of statistics on exports and imports of all iron and steel products, ferroalloys, and ferrous scrap. The incumbent will supervise the providing of business services to industry and the public, including publications. He will participate in intergovernmental conferences, in mobilization and international trade problems, and be in a position to advise the Director on what actions should be taken with respect to specific industrial resource studies, affiliated with and essential to the production of iron and steel products.

The incumbent will study and evaluate the present Defense Materials system and M–1A Order as they affect military set-asides for production, with a view of overhauling and revising these regulations where changed conditions make such action appropriate.

Section .05 (b): The foregoing activities require a knowledge of current methods used in the steel industry for recording and reporting statistical data and development of commercial research. It also requires a current knowledge of the interchangeability of producing facilities and an understanding of the relationship of production practices and processes of the iron and steel industry not ordinarily to be found in a full-time salaried employee. It is the responsibility of the Iron and Steel Division to visualize the industry as a whole and to assure adequate supply requirements, both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude they must necessarily be of a joint Government-industry interest. This Division, therefore, must with the full cooperation of industry, assure essential facilities and production of a balanced nature. To participate in the organization and activation of such surveys and studies, the position of the

Chief of the Business Research and Analysis Branch requires a person of diversified experience in market research and economic analysis, which could only be gained over a long period of time, and in the recent operations of this industry. It has accordingly been concluded that the duties of position require outstanding experience and ability such as could be gained only by a lengthy and recent experience in the industry.

Section .05 (c): To this end, we have been fortunate in locating a WOC, Mr. William Sandston, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period, graciously accorded by his firm, Armco Steel Corp., a leader in the field of the production of steel mill products. Mr. Sandston joined the Air Force in 1942 and became the Signal and Cryptographic Security Officer for the 9th United States Air Force, with the duty to establish and maintain security of the communications system. He was separated in 1946 with the rank of major. After his release from service, Mr. Sandston joined the Armco Steel Corp. in the field of commercial research and economic analysis, where he has been employed for the past 10 years. He proved his ability to such an extent that he is presently second in command of Armco Steel Corp.'s commercial research department. During such service it has been necessary for him to work closely with other steel producers and with a great many steel-consuming industries which has given him a current knowledge of the commercial research practices of the industry and a thorough knowledge of production practices and processes. He is extremely well thought of by men in similar positions in the iron and steel industry, which will be of great value in securing cooperation between Government and the iron and steel industry.

IRON AND STEEL PRODUCTS, WROUGHT AND CAST

(List of products deleted.)

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 9, 1956.

To: Mr. Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: Mr. Charles M. Stuart.

Submitted herewith is a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Charles M. Stuart as Director, General Industrial Equipment Division, on a WOC basis.

Mr. Stuart was appointed to this position October 27, 1955. This memorandum completes the data to support the appointment as set forth in the BDSA Manual Interim Procedure on the subject of WOC appointments pursuant to the Defense Production Act, dated December 22, 1955.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

JANUARY 5, 1956.

To: Mr. P. G. Asher, Director of Administration, BDSA.
From: Harry S. Mills, Deputy Director, GIED.
Subject: WOC appointment of Mr. Charles M. Stuart to position of Division Director.

Mr. Charles M. Stuart, who is now and has, for many years, been employed by the Carrier Corp., Syracuse, N. Y., manufacturers of refrigeration and air-conditioning equipment, was appointed on a full-time basis as a WOC Director of this Division on November 1, 1955. Mr. Stuart's company had agreed that he might serve in this capacity for 6 months. It is, therefore, requested that this appointment be approved for the period up to May 1, 1956.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

This Division is responsible for carrying out the above functions and activities as they relate to the many general industrial equipment industries assigned to it.

During the tenure of Mr. Stuart as Director, the Division will be engaged, and Mr. Stuart will participate, in the following activities and program:

One of the most difficult areas within the jurisdiction of this Division, with particular reference to mobilization preparedness and defense-supporting considerations, is that of industrial and commercial air conditioning and refrigeration. While air conditioning and refrigeration are by no means new, there has been tremendous expansion in these industries due to new processes and technologies in production in many areas and the continuing and rapid development of refrigeration in the processing, distribution and preservation of food. Although much is known about this industry, from a mobilization preparedness standpoint, little has been done by this Division in carrying out that phase of our responsibility.

In connection with this particular type of equipment, we must conduct studies of the essential requirements to meet minimum military and civilian needs for the protection of the Nation's health and welfare, and must study production capacity of the industry, locations of the manufacturers, and related factors to assure that the minimum requirements will be met in the event of a national emergency; and take necessary steps to assure continuity of production in the event of enemy attack.

We have been unable to acquire salaried personnel who are qualified by education and adequate current industrial experience to organize and carry out such a study. Within our existing organization, we have accumulated a great deal of information relative to this particular industry, but this problem can only be effectively studied and analyzed by a person currently having a high enough position within the industry to observe and be aware of the many interrelated factors concerning the product and uses of the equipment. It has therefore been concluded that the duties of this position require outstanding experience and ability which could be acquired only through current experience at a high level within the industry.

We have indeed been fortunate in locating a WOC, Mr. Stuart, who not only qualifies admirably with his background and industry experience, but can furnish for this task the necessary knowledge and guidance to arrive at the best conclusions and recommendations. We are appreciative of the fact that the Carrier Corp., a leader in the field of air conditioning and refrigeration, has made Mr. Stuart available to us in carrying out this important work.

Mr. Stuart is an engineer, and currently holds the position of assistant to the executive vice president of the Carrier Corp. He has been with the Carrier Corp. for about 18 years. In his present capacity with the company, he is in constant touch with all of the divisions of the corporation and their many and varied problems. He therefore has as broad a prospective of the industry as could be obtained.

MEMORANDUM

To: Director of Personnel. APRIL 11, 1956.
From: Administrator, BDSA.
Subject: Notice of vacancy in advisory or consultative position.

The services of a qualified person are required for the following position in BDSA: Consultant (commercial and industrial air conditioning and refrigeration), General Industrial Equipment Division.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

[Penciled note:] Charles M. Stuart, recommended.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this Office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been

determined by review of the applicant file, RFL, and employees currently on BDSA rolls.

CARLTON HAYWARD, *Director of Personnel.*

APRIL 12, 1956.

1. There are no qualified employees in BDSA available for this position. F. Seymour, April 12, 1956.
2. No candidates. N. H. April 12, 1956.
3. No qualified candidates on RPL or applicant files. M. A. April 12, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

DECEMBER 22, 1955.

To: Mr. P. G. Asher, Director of Administration.
From: Nathan D. Golden, director, Scientific, Motion Picture, and Photographic Products Division.
Subject: WOC appointment of Mr. Cortlandt Van Rensselaer to position of Deputy Director.

JANUARY 4, 1956.

There are no candidates available from the applicant file, RFL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

It is requested that Mr. Cortlandt Van Rensselaer, now employed by Hewlett-Packard Co., Palo Alto, Calif., manufacturers of electronic laboratory and test equipment, be appointed on a full-time basis as a WOC Deputy Director in this Division. Mr. Van Rensselaer's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department, as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

This Division is responsible for carrying out the above functions as they relate to the scientific, motion-picture, and photographic products industries.

Specifically, during the period of tenure of Mr. Van Rensselaer as Deputy Director, the Division will be engaged and Mr. Van Rensselaer will participate in the following activities and programs: One of the most difficult operational fields within the jurisdiction of the Scientific, Motion Picture and Photographic Products Division, with particular reference to mobilization preparedness and defense supporting considerations is that pertaining to electrical test equipment, notably that phase of instrumentation employing electronic principles. (See attached product scope.) At the outset, it is a relatively new industry and the potential applications encompass test requirements of every branch of military, industrial, and welfare projects. From technological and application standpoints obviously much is known in the field, but from a mobilization preparedness standpoint little has been done by this Division in furtherance of our obligation thereto.

Nonetheless, it is our responsibility not only to visualize this industry as an entity but likewise in terms of its basic instrument classes. Thereafter, we must determine output, capacity, locations, and related factors to assure adequacy of the overall requirements as well as continuity of production in an emergency.

We have never been able to acquire salaried prospects who were qualified by education or industrial experience to organize and activate such a survey. Within our existing staff we have given spotty consideration to problems of acquisition of specific items, but our efforts should be more efficiently focused through the medium of a diagrammatic perspective of the overall problem, which only a qualified WOC from industry can perform.

Only within the week, it has been indicated that despite the hundreds of firms engaged in such production, 10 strategically dropped atom bombs could virtually eliminate the industry and jeopardize our defense and welfare.

If we are to assure adequate requirements, we must embark on a program designed to obviate such a contingency as well as to promote the expansion of this vital essential.

Section .05 (b) : The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in full-time salaried Government employees. It has accordingly been concluded that the duties of the position require outstanding experience and ability such as could be gained ordinarily only by recent experience in the industry.

Section .05 (c) : To this end we have been fortunate in locating a WOC, Mr. Van Rensselaer, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period graciously accorded by his firm—a leader in this field of electronic laboratory and test equipment.

Mr. Van Rensselaer is a production engineer and, until his present assignment as assistant sales manager, had complete responsibility for production planning and control of manufacturing operation for his company. He correlated production control, inventory requirements with production needs. Developed production control, inventory control, and production engineering systems and procedures. Prepared data and forms necessary for his company during Korea in connection with controlled materials plan. He served during World War II as electronic engineering officer in the Navy and was responsible for design and production of special electronic equipment, radio teletype receiving transponders, frequency measuring apparatus and mobile communications equipment.

PRODUCT SCOPE OF ELECTRONIC INSTRUMENTATION PROJECT

(List of products deleted.)

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 6, 1956.

To: Carlton Hayward, Director of Personnel.
From: Chas. F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for Roger F. Waindle.

Submitted herewith are certificate concerning appointment without compensation and a memorandum including concise and specific statements with respect to the circumstances of the appointment of Mr. Roger F. Waindle as Chief, Castings Branch, Iron and Steel Division, on a WOC basis. Forms SF–52, SF–57, CD–79, SF–86 and SF–87 for Mr. Waindle were submitted to your office October 19, 1955.

The certificate and memorandum referred to above complete the data necessary for the appointment action of Mr. Waindle with the exception of the letter of agreement from the applicant that he will within 30 days from the date of appointment submit a financial statement to be filed in the Federal Register. However, Mr. Waindle was contacted and requested to accept appointment before the new procedure stated in BDSA Manual Interim Procedure, dated December 22, 1955, became effective. At that time, Mr. Waindle indicated his willingness to submit the financial statement upon appointment. It is, therefore, requested that you proceed with the processes necessary to appoint Mr. Waindle immediately.

FEBRUARY 8, 1956.

There are no qualified candidates available from the applicant file, RPL, or among employees currently on the rolls.

RUSSELL A. JOHNSON.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 3, 1956.

To: P. G. Asher, Director of Administration.
From: Charles Halcomb, Deputy Director, Iron and Steel Division.
Subject: WOC appointment of Mr. Roger F. Waindle to position of Chief, Castings Branch, Iron and Steel Division.

It is requested that Roger F. Waindle of the Wai-Met Engineering Co., Waban, Mass., a consulting agency for ferrous foundries, be appointed on a full-time

basis as WOC Chief of the Castings Branch, Iron and Steel Division. Mr. Waindle's company has agreed that he may serve for a 6-month period. It is therefore requested that he be appointed for a 6-month period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand for ferrous foundry products, and the facilities required for their production. The defense activities and programs of this Division which the appointee, as Chief of the Castings Branch is responsible, are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to appraise those military requirements as they affect the products under his supervision and to develop feasibility studies as to industry capacity, from which will be established a basic data mobilization requirements sheet. This requires a knowledge of the interchangeability of producing facilities to make various products and an understanding of the interrelationships of production practices in a very complex industry. It will be the responsibility of the incumbent to constantly review the data maintained at the relocation center and to keep it current with announced increases in ingot production or processing facilities which are reported from time to time by the American Iron and Steel Institute.

In the event mobilization requirement surveys indicate after evaluation that the facilities as available are not sufficient nor capable of producing military requirements in the proper size, grade, and type, expansion goals by product will have to be devised and recommended to the Office of the Director of this Division for submission to the Office of Defense Mobilization together with a practical method of achieving expansion of capacity by loan, tax amortization, or otherwise. If the industry under his supervision expands its production in any of the fields supervised by the incumbent, it will be his responsibility to reevaluate and bring up to date the various studies that his Branch has prepared in the past for submission to the Industry Evaluation Board. He is also responsible for keeping up to date the data which the Division has sent to the Relocation Center for use in an all-out emergency. The Castings Branch has not yet completed a study of the defense requirements for heavy steel castings and it will be the responsibility of the incumbent to press the study through to completion.

Section .05 (b): The foregoing activities require a knowledge of the current methods used in the ferrous foundry industry for the production of various types and grades of castings. It also requires a current knowledge of the interchangeability of producing facilities and an understanding of the relationship of production practices and processes in the ferrous foundry industry, not ordinarily to be found in a full-time salaried employee. It is the responsibility of the Iron and Steel Division to visualize the foundry industry as a whole and to assure adequate supply requirements both for current defense needs and in the event of full mobilization. Essential studies and surveys to ascertain the facts are of such magnitude they must necessarily be of a joint Government-industry interest. This Division therefore must attain full cooperation of industry to assure essential facilities and production of a balanced nature. To participate in the organization and activation of such surveys and studies, the position of Chief of the Castings Branch requires a person of diversified experience in the production and distribution of one or more of the products supervised by that Branch, which could only be gained over a long period of time and in the recent operations of that industry, where many technological problems are arising frequently. It has accordingly been concluded that the duties of the position require outstanding experience and ability which could be gained only by a lengthy and recent experience in the industry.

Section .05 (c): To this end, we have been fortunate in locating a WOC, Mr. Roger F. Waindle, who not only qualifies admirably with his background and industry experience, but can furnish for this task the requisite guidance and results over the 6-month period graciously accorded by his firm, the Wai-Met Engineering Co., a leader in the field of ferrous foundry consultants. Mr. Waindle has been connected with the ferrous foundry industry since July 1934. Up until September of 1953, Mr. Waindle had occupied positions of chief, engineering and sales manager, general manager, vice president and general manager of various foundries. From March 1942 to November 1944, he was connected with the Chicago Ordnance District of the Army Services Force as Chief of Production, Tank Automotive Division, where he handled armored tanks, automotive and related equipment and accessories; and service metallurgy for all the district offices. His experience has gained him intimate knowledge of the uses of various alloying elements required in the manufacture of ferrous castings. With the present tight situation of nickel in the overall market, it is frequently necessary for foundry producers to suggest lower nickel contents in some types of their casting than customers used previously when nickel supply was more plentiful. Mr. Waindle's experience is ideal for such consultation and advice as Chief of the Branch.

IRON AND STEEL PRODUCTS—WROUGHT AND CAST

(Either Carbon, Alloy, or Stainless)

Ingots and semifinished (blooms, billets, slabs, tube rounds, sheet bar)
Structural shapes and piling
Plates, sheared, universal and strip
Rails and track accessories (joint bars, tieplate, track spikes)
Forged and rolled wheels and axles
Bars—hot rolled, cold finished and reinforcing
Tool steel
Pipe and tubing
Wire rods, drawn wire, wire products, such as nails, bale ties, woven wire fence, barbed and twisted
Tin mill products (black plate, tin and turne plate, hot dipped tinplate, electrolytic plate)
Sheet and strip—hot rolled, cold rolled, galvanized, enameling, and electrical
Forgings—all types
Ferrous castings—all types
Pig iron
Refractories
Ferro alloys and alloying elements such as nickel, chrome, tungsten, manganese, etc.
Ferrous scrap

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 7, 1956.

To: Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for Robert E. Williams.

Submitted herewith are Certificate Concerning Appointment Without Compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment, and forms SF–52, SF–57, CD–79, SF–86, SF–87, and WOC–2 for the appointment of Mr. Robert E. Williams as Director, Communications Equipment Division on a WOC basis.

In Mr. Williams' former appointment with NPA, he was cleared for Secret. The Security Office for the Department has informed us by phonse that his prior clearance is sufficient basis for the issuance of a waiver immediately.

Form WOC–1 for the position which Mr. Williams will occupy has been returned by your office.

FEBRUARY 7, 1956.

MEMORANDUM

To: Mr. F. G. Asher, Director of Administration.
From: A. J. Falk, Deputy Director, Communications Division.
Subject: WOC appointment of Mr. Robert E. Williams to the position of Director.

Is is requested that Mr. Robert E. Williams be appointed on a full-time basis as WOC Director of the Communications Division. He is now employed by the Automatic Electric Co., of Chicago, Ill., and it is anticipated that he will be available for duty as soon as the necessary security clearances can be obtained. By agreement with his company, Mr. Williams' appointment with BDSA will be for 6 months.

In accordance with section 2.05 of the Interim Procednre for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department, as follows:

* * * * * * *

Pursuant to those authorities, the Business and Defense Services Administration performs the following defense and mobilization activities:

* * * * * * *

The Commnnications Division is responsible for postattack and mobilization planning for the operating communications industry and the manufacturing segment of the indnstry, with cognizance over domestic and international telephony, domestic and international telegraphy, international radio communications, nonamplified intercommunications, and central station protective signaling service.

In the operating area it is necessary for the Division to prepare appropriate standby orders and regulations for full mobilization in view of the importance of communications in both a civilian and wartime economy and the extent to which the various Government services, including the Federal Civil Defense Administration, must rely upon civil communications. The Office of Defense Mobilization has stressed the high essentiality and urgent need for the development and availability of a postattack plan which could be implemented quickly for the communications industry—one that would not reqnire detailed and specific authorization from the Government in the first 12 to 24 hours or 5 to 10 days after an attack or emergency. To this end the Communications Division has been drafting a mobilization standby order which would help to minimize disruption of the communications network in an emergency and would provide a plan for restoration of essential services. The work on the standby order for the operating indnstry is not completed, and there is need for development of controls and administrative tools to snpplement the basic commnnications orders.

A mobilization planning study is needed to determine what specific standby orders and regulations may be required for the manufacturing segment of the communications industry.

To assure that the needs of the communication industry are met in the administration of the Defense Materials system, progressive review must be made of productive capacity for manufacture of communications equipment, taking into account the rapid and continuing growth of the telephone and telegraph industry, the increased public demand for service, and the essential requirements of the Department of Defense, Atomic Energy Commission, and Federal Civil Defense Administration programs.

The manufacturing and operating segments of the communications indnstry utilize, in the manufacture and use of their products, virtually every known chemical, controlled material, and nonferrous material, some of which are extremely critical to the industry. Because of the sizable consumption of materials by the industry, the Communications Division is required to develop mobilization estimates for materials which may be in short supply or difficult to obtain. Such estimates are made available to BDSA staff advisors and the Office of Defense Mobilization for use in determining policy and making decisions related to stockpiling.

Intensive study is contemplated of feasibility and methods for assessing bomb damage, with recommendations as to measures which should be taken for operating in the event of such attack.

Because of the concentration of producers and vital operating services in target areas, study must also be undertaken to evolve a plan which will provide in-

centives for a dispersal program or an alternate means of making these facilities less vulnerable under attack conditions.

Studies have been made of both domestic and international operators in the communication field, as well as the manufacturers of communications equipment. On the basis of these studies and the recommendations of the Communications Division, the Industry Evaluation Board has rated the essentiality of the various facilities. Where facilities have been rated as critical and indispensable to the safety and the defense of the Nation, the companies have been invited to confer individually with BDSA on steps which should be taken to assure continuity of management and operations in the event of attack; and BDSA is making every effort to encourage manufacturers and communications operators to develop plans for industrial defense. New IEB studies are contemplated in some areas, and the situation requires constant review to make certain that new installations and facilities are covered.

In addition to the work involved in the normal activities of BDSA, the Communications Division has representation on various panels and working groups of the Telecommunications Planning Committee (a group comprised of top Government officials in the communications field and serving as an advisory committee to the Director of the Office of Defense Mobilization). In this capacity, the Communications Division develops information and assists with studies which are used by the committee and ODM in establishing overall telecommunications policy.

Section .05 (b): The direction of all the aforementioned programs and the necessary consultation with industry require a comprehension of the complexities of the communications industry and a current knowledge of the latest developments, techniques, problems, and operations not ordinarily found in a full-time Government employee. Dynamic progress is being made in the laboratories of the communications industry, and its implications on future development and applications require integration in Government programs which, in turn, exert a profound influence on the day-to-day operations of the communications industry. Accordingly, to best serve the interests of the Nation as a whole, it is imperative that the Government achieve the full cooperation of industry in the development of mobilization plans and controls which are consonant with the efficient operation of the industry and which will, at the same time, accomplish desired mobilization objectives with expediency.

Section .05 (c): Mr. Williams is by education and experience well qualified to furnish guidance to the activities of the Communications Division. He has spent approximately 28 years with the Automatic Electric Co. and other subsidiaries of Theodore Gary & Co.—all of which have been recently merged with the General Telephone Corp. The General Telephone Corp. is the second largest holding company operating its own communications companies and owning its own manufacturing facilities in the United States, as well as some manufacturing properties in diverse parts of the world. In his present position with the Automatic Electric Co., Mr. Williams has gained extensive knowledge of both operating and manufacturing phases of the communications industry and is especially versed in such matters as financing, accounting, rate matters, and general corporate affairs as they affect the smaller and independent segment of the telephone industry. As WOC Director of the Communications Division, his knowledge of the industry and his counsel is available to other Government officials to assist them in their application of Government programs to industry, and his serving on a full-time basis brings about closer and more frequent consultation than would otherwise be possible. In the field of communications, which is ever-changing, no Government career employee can hope to keep abreast of new developments and techniques employed. In Mr. Williams' case, his recent and continuing experience in the communications industry will be invaluable in his role as an operating official in the Communications Division. As a result, the agency will profit from having his expert service for 6 months on a WOC basis since he would not otherwise be available for Government service.

JANUARY 17, 1956.

Memorandum
To: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of vacancy in operating position.

The following position will become vacant in BDSA on or about January 31, 1956 as a result of the current incumbent completing his tour of duty:

Director, Communications Equipment Division.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 2, 1956.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 15, 1956.

To: Carlton Hayward, Director of Personnel.
From: Charles F. Honeywell, Administrator, BDSA.
Subject: WOC appointment for Stuart E. Yeaton.

Submitted herewith are Certificate Concerning Appointment Without Compensation, a memorandum including concise and specific statements with respect to the circumstances of the appointment and forms SF–52, SF–57, CD–79, SF–86, SF–87, and WOC–2 for the appointment of Mr. Stuart E. Yeaton as Director, Copper Division, on a WOC basis.

Form WOC–1 for this position has been returned by your office.

OFFICE MEMORANDUM, UNITED STATES GOVERNMENT

FEBRUARY 15, 1956.

To: Mr. P. G. Asher, Director of Administration, BDSA.
From: C. W. Seeley, Director, Copper Division.
Subject: WOC appointment of Mr. Stuart E. Yeaton to position of Director, Copper Dvision.

It is requested that Mr. Stuart E. Yeaton, general product manager, Electrical Wire Division, John A. Roebling's Sons Corp., 640 South Broad Street, Trenton, N. J., manufacturers and processors of copper wire mill products, be appointed on a full-time basis as a WOC Director of the Copper Division. Mr. Yeaton's company has agreed that he may serve for 6 months. It is therefore requested that he be appointed for a 6-months period.

In accordance with section 2.05 of the Interim Procedure for Appointment of WOC's, the following information is submitted:

Section .05 (a): The BDSA is responsible for performing mobilization and related defense functions under the statutory and derived authority of the Department as follows:

* * * * * * *

Pursuant to these authorities, the BDSA performs the following defense and mobilization activities:

* * * * * * *

In order to properly carry out these delegations and requests in connection therewith, this Division must determine and assure a continuous study of the peacetime and wartime supply and demand, both domestic and international, of copper and copper-base alloy products and facilities required for their production; products produced, both in a raw state for further fabrication and semi-fabricated products for consumption. (See attached product scope.) The defense activities and programs of the Division which the appointee will direct the performance of and his responsibilities and duties therewith are as follows:

The Director of the Office of Defense Mobilization has ordered a complete review of essential military requirements in the event of full mobilization. This classified study is now being conducted by the Department of Defense and the Atomic Energy Commission. It will be the responsibility of the incumbent to

appraise these military requirements and to develop with the producing industry a supply-demand analysis from which will be established a basic data mobilization requirement sheet.

Essential military requirement surveys will develop and make necessary component studies on individual copper and copper-base alloy products, such as sheet, strip, rod, tube, wire, cable, castings, and copper powder.

In the event mobilization requirement surveys indicate after evaluation that facilities as available are not sufficient nor capable of producing military requirements, expansion goals by product will have to be devised and recommended by the incumbent to ODM, together with a method of achieving expansion of capacity by loan, tax amortization, or otherwise.

Studies and surveys of those copper and copper-base facilities now on the selected lists, as well as other producing facilities, must be reviewed and revised periodically. Method of determining vulnerable facilities and classifying them must be devised. The incumbent must assist management of all producing companies in the establishment of preattack and postattack policies and plans to assure continuity of production and of management in the event of an emergency.

Mobilization requirements and facilities for production of copper and copper-base products must be evaluated and proper recommendations made with respect to stockpiling. It must be determined also what actions are to be taken with respect to specific industrial resources studies.

Determine what further studies by geographical location are to be made with respect to means and methods to be taken to assess damage and suggest replacement actions necessary in the event of bomb attack. Survey and study the industry as a whole with the idea of suggesting a dispersal program covering the vulnerable segments of the copper industry.

Draft standby orders, manning tables, production scheduling methods, and inventory controls so as to enable the industry to transfer from peacetime to wartime production with as little disruption as possible. Check the adequacy of all available data by relocation exercise development and participation.

Study and evaluate the present Defense Materials System and M–Order as they affect military set-asides for production, with a view of overhauling and revising these regulations. This action is so that production set-asides can be modified from time to time in keeping with Military and AEC current and future requirements.

Section .05 (b) : The foregoing activities require a current knowledge of industrial systems and methods not ordinarily to be found in fulltime salaried Government employees. It is the responsibility of the Copper Division to visualize the industry as a whole and to assure adequate supply requirements in the event of mobilization. Essential studies and surveys to ascertain the facts are of such a magnitude they must necessarily be of a joint Government-industry interest. This Division, therefore, must with the cooperation of industry embark upon a program which will assure essential facilities and production of a balanced nature. To organize and activate such surveys and studies requires a person of diversified experience which could be gained only over a long period of time and in the comparatively recent expansion of this industry.

Section .05 (c) : Mr. Stuart E. Yeaton is by education and experience well qualified for this undertaking. He has been an active part of the industry for the past 22 years. In addition to his administrative and executive sales work, he is familiar with the producing, manufacturing, and technical aspects of the industry. It is the consensus he can furnish the requisite guidance essential for this task over the 6-month period which he has, with the consent and approval of his firm, agreed to serve on a WOC basis.

COPPER AND COPPER-BASE ALLOY PRODUCTS SCOPE

(List of products deleted.)

MEMORANDUM

Date: January 25, 1956.

To: Director of Personnel.
From: Administrator, BDSA.
Subject: Notice of vacancy in operating position.

The following position will become vacant in BDSA on or about February 21, 1956, as a result of the current incumbent completing his tour of duty: Director, Copper Division.

We have no candidate to propose for appointment on a full-time, salaried basis. It is requested that you attempt to obtain from sources of recruitment available to your office a full-time, salaried applicant qualified for this position. In the event recruitment sources reveal no qualified persons available to serve in this position on a full-time, salaried basis, it is requested that you sign and return this memorandum indicating this fact in order that action may be instituted to obtain the services of a qualified person on a WOC basis.

Notification that no qualified salaried employee is known to be available.

The recruitment sources of this office reveal no qualified person available at this time to serve in this position on a full-time, salaried basis. This has been determined by review of applicant file, RPL, and employees currently on BDSA rolls.

CARLTON HAYWARD,
Director of Personnel.

FEBRUARY 2, 1956.

1. Suggest that ———————— be considered for this position. Miss Pedersen has file. F. Seymour, January 26, 1956.
2. No candidates. N. Huestis, January 26, 1956.
3. No qual. candidates on RPL or in appl. files, January 27, 1956. M. A.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
OFFICE OF THE DIRECTOR,
Washington 25, D. C., May 2, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR SENATOR FULBRIGHT: Reference is made to your letter of January 11, requesting our views concerning S. 2857, a bill to provide for Federal procurement of materials and supplies in major disaster areas, and for other purposes.

The Office of Defense Mobilization is in substantial accord with the objectives of the bill. As you probably know, we established last fall certain policies designed to assist in dealing with the threat to the mobilization base arising from the floods in the Northeastern United States and later extended them to flood-damage areas on the west coast. These actions were tied to the disaster areas declared by the Federal Civil Defense Administrator under the Disaster Relief Act. Although we do not believe that statutory authority is now necessary to the continued utilization of procurement authority for national defense objectives in disaster areas, we would have no objection to an authorization for its general application to those areas. We believe that such an authorization would be adequately provided by the provisions of section 2 of the bill and that the proposed amendment to the Defense Production Act would be unnecessary and undesirable since the government procurement which would be effective for disaster purposes is not accomplished under that act.

The Bureau of the Budget advises that it has no objection to the submission of this report.

Sincerely yours,

ARTHUR S. FLEMMING, *Director.*

FEDERAL CIVIL DEFENSE ADMINISTRATION,
May 7, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Senate Committee on Banking and Currency,
Washington, D. C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of this Administration on S. 2857, a bill to provide for Federal procurement of materials and supplies in major disaster areas, and for other purposes.

The bill, if enacted, would further amend the Defense Production Act of 1950 by a finding that it is necessary to the mobilization effort that major natural disaster stricken areas be rehabilitated and restored to normal conditions as expeditiously as possible. It would also further amend the Defense Production Act of 1950 to provide that in any area which, in the opinion of the President,

is an important source of goods or services needed in the event of economic mobilization, the President is authorized and directed, notwithstanding any other provision of law, to arrange for immediate awards of negotiated contracts for procurement of materials or services needed by the Federal Government to the maximum practicable extent. The awards to be the victims of major natural disasters capable of fulfilling such contracts in a satisfactory manner.

The bill would also amend section 3 of Public Law 875, by adding a new subsection there to to provide for the procuring from private enterprises engaged in business in the area affected by such major disaster, by negotiated contracts or otherwise, materials or services of use to the Federal Government, in the opinion of the President.

The Federal Civil Defense Administration supports and endorses any measure designed to increase the effectiveness of Federal assistance in major natural disasters. It is our view that assistance in the early restoration of income-producing facilities and concerns to a position favorably compared to that previously occupied by the concerns prior to the major disaster is one of the most effective measures of disaster-relief assistance which could be provided by the Federal Government. S. 2857 appears to be well designed toward this end, in that it would provide for the immediate channeling of Federal contracts for goods and services to concerns capable of fulfilling such contracts in a satisfactory manner.

We note that subsection 2 (b) of the bill would further amend Public Law 875, as amended, by striking out "$5,000,000" and inserting in lieu thereof "$15,000,000". Under the authority of section 8 of Public Law 875, $25 million has been appropriated by the 2d session of the 84th Congress for disaster relief assistance. Additional sums in excess of $28 million have been appropriated under the authority of section 8 and temporary authorization thereunder. Accordingly, it is recommended that section 8 be amended along the following lines:

> Section 8 of said Act is amended by striking out the words "not exceeding $5,000,000 in the aggregate".

Subject to the comment on section 8, it is the recommendation of this Administration that the committee give early and favorable consideration to S. 2857, and urge that the Congress enact the measure into law.

Advice has been received from the Bureau of the Budget that there would be no objections to the submission of this report.

Sincerely,

VAL PETERSEN, *Administrator.*

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, April 30, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your recent request to the Secretary of Defense for a report on S. 2879, 84th Congress, a bill to promote the dispersal of industrial facilities in the interest of national defense. The Department of the Air Force has been assigned the responsibility for expressing the views of the Department of Defense.

Section 1 of S. 2879 declares that it is the policy of the Congress to promote geographical dispersal of industrial facilities in the interest of national defense, and to discourage the concentration of such productive facilities in areas which are vulnerable to attack. Sections 2 and 3 of the bill prescribe a course of conduct intended to carry out that policy.

The Department of the Air Force on behalf of the Department of Defense, while in agreement with the general objective of the bill, does not favor its enactment for the following reasons:

The Department of Defense policy with respect to industrial dispersal is outlined in Department of Defense Directive No. 5220.5, dated November 17, 1955. The criteria outlined in this directive that are to considered in seeking a solution to the problem of dispersal are (1) that dispersal will be the key factor in selection of additional sources for an item for which there are multiple sources; (2) dispersal will be one of the prime considerations in the location of new facility construction particularly when furnished at Government expense or with Federal aid to construction although this may not necessarily apply

to those new facilities which constitute a desirable, but relatively minor, adjunct to existing defense facilities; (3) that all facilities will be maintained in use as required, and every effort will be made to require the use of existing facilities before new facilities are constructed; (4) that the urgency of dispersal should always be weighed against the urgency of the request for timely delivery of the vital products involved; and (5) that consistent with the preceding, the objective shall be to avoid the tendency toward overconcentration of critical defense facilities in target areas.

The Director of the Office of Defense Mobilization by virtue of the authority vested in him, issued on January 11, 1956, Defense Mobilization Order I–19, subject: "Dispersion and Protective Construction—Policy, Criteria, Responsibilities." This order indicates that—

"It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities."

Proper application of the dispersal policy is an extremely complex matter and requires sound judgment and careful consideration of many factors. Each case has its own peculiar circumstances and, therefore, there is no established pattern or formula which gives proper weight to each factor involved. Consequently, it is important that the departments be allowed to exercise their judgment to the fullest extent within the broad policy as already established in existing Executive directives. Particularly in this regard, it is noted that section 2 of S. 2879 would require that "in the procurement of goods and services under any provision of law, the Department of Defense * * * shall apply to the greatest practicable extent the principle of the geographical dispersal of such facilities in the interest of national defense." This provision would require that consideration be given to a broad general principle not always consistent with other procurement objectives. While S. 2879 is entirely consistent in its intent, with existing Department of Defense policy, the very fact that it exists could give rise to question as to its interpretation in individual cases and, in that sense, be confusng. It is therefore felt that the purpose of S. 2879 is clearly recognized and being accomplished under existing directives, and that the enactment of this bill is undesirable.

Insofar as the budgetary effect on the Department of Defense is concerned, section 3 of S. 2879 would appear to negate any adverse effect thereon.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

DONALD A. QUARLES.

DEPARTMENT OF COMMERCE,
April 4, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency,
United States Senate, Washington 25, D. C.

DEAR SENATOR FULBRIGHT: Further reference is made to your letter of February 22 and our interim acknowledgment of March 5 in regard to the steel situation.

We are aware of the extremely strong demand for more steel products. The large expansion programs for many industries require tremendous tonnages of heavy structurals and plates, as do the revived freight car and shipbuilding programs.

It is true that not all the heavy structural and plate tonnages can now be supplied at the rate desired. This is also true of many other steel products. We feel that this demand will continue for several months, unless there is a marked change in economic conditions.

It is our belief that steel producers generally are distributing the available supply of steel products in heavy demand as equitably as possible consistent with proper steel mill operations and with due regard, as far as is practicable, to their commercial relationships.

The question about current steel operations, we believe, is best answered by indicating the increases in ingot capacity reported by the American Iron & Steel Institute as of January 1 each year. Figures given below are in millions of net ingot tons.

	Millions		*Millions*
1947	91.2	1952	108.6
1948	94.2	1953	117.5
1949	96.1	1954	124.3
1950	99.4	1955	125.8
1951	104.2	1956	128.4

You can see from the above that in the 10-year period from 1946 to 1956 reported ingot capacity has been increased by 36.5 million net tons, an increase of approximately 40 percent from the 1947 figure. The approval of requests for rapid tax amortization by the Office of Defense Mobilization undoubtedly sparked the rapid expansion from 1950 through 1954.

Our figures indicate that the overall defense requirements for the first half of 1956 amount to only approximately 200,000 tons per month of finished products. This represents about 2½ percent of the current rate of production of finished steel products. There are a few exceptions to this, such as nickel-bearing stainless steel at about 10 percent and plates at about 8 percent of the present rate of production.

The only data that we have on rate of shipments of steel to car builders and barge builders are net monthly average tonnages for all steel products as published by the American Iron & Steel Institute as follows:

	1954	1955	January 1956
Freight cars	168,000	158,390	213,000
Shipbuilding	41,700	50,100	60,400

We have no evidence that steel producers are showing any partiality between the freight-car program and the shipbuilding program.

The steel-price situation is one on which we do not feel that we should speculate. The trend of prices as reported by the Bureau of Labor Statistics, using 1947 through 1949 average as 100 percent, is as follows: 1954 yearly average, 142.8 percent; first 6 months' average, 1955, 144.8 percent; second 6 months' average, 1955, 154.8 percent; February only, 1956, 157.1.

The gray market, if existent at all, is very minor. There have been some instances of misuse of priorities to obtain nickel. The Department of Commerce has and will continue to take steps to eliminate this.

For your information, we are enclosing the 1955 edition of the American Iron & Steel Institute pamphlet entitled "Charting Steel's Progress."

We do not feel that any new legislative or governmental action should be taken at this time.

Sincerely yours,

LOUIS S. ROTHSCHILD,
Acting Secretary of Commerce.

[Telegram]

HARTFORD, CONN., *May 2, 1956.*

Hon. ALLEN FREAR,
Chairman, Subcommittee on Production and Stabilization,
Senate Building, Washington, D. C.:

The Connecticut Chamber of Commerce vigorously opposes proposed Bennett amendment to the Defense Production Act, using national defense as a pretext. It seeks Government favoritism for some States and regions at the expense of others. As pointed out by Connecticut's Senator Prescott Bush, at your subcommittee hearings, many important factors, in addition to "geographical dispersal" must be considered when Government decisions are made on procurement and location of new industrial facilities. Injury to national defense would result if existing industrial areas are subjected to dislocations. Strongly urge that your subcommittee reject this amendment.

THE CONNECTICUT CHAMBER OF COMMERCE,
WILLIAM B. CAFKY, *Executive Vice President.*

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DEFENSE PRODUCTION ACT—1956

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY

HOUSE OF REPRESENTATIVES

EIGHTY-FOURTH CONGRESS

SECOND SESSION

ON

H. R. 9852

MARCH 13 AND 14, 1956

Printed for the use of the Committee on Banking and Currency

UNITED STATES
GOVERNMENT PRINTING OFFICE
74607 WASHINGTON : 1956

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DEFENSE PRODUCTION ACT—1956

TUESDAY, MARCH 13, 1956

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10 a. m., Hon. Brent Spence, chairman, presiding.

Present: Chairman Spence (presiding), and Messrs. Brown, Patman, Rains, Multer, Barrett, O'Hara, Mrs. Sullivan, Messrs. Fountain, Reuss, Mrs. Griffiths, Messrs. Vanik, Talle, Kilburn, Widnall, Betts, Mumma, McVey, Hiestand, Nicholson, and Bolton.

The CHAIRMAN. The committee will be in order.

We are met this morning to consider H. R. 9852, a bill to extend the Defense Production Act.

(H. R. 9852 is as follows:)

[H. R. 9852, 84th Cong., 2d sess.]

A BILL To extend the Defense Production Act of 1950, as amended, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

The CHAIRMAN. We have with us this morning Dr. Flemming.

We are very glad to have you back with us, Doctor, and you may proceed as you please.

If you have a prepared statement, you may read it.

Dr. FLEMMING. Thank you, Mr. Chairman.

I am very happy to have the opportunity to appear before the committee and testify in behalf of H. R. 9852, which proposes the extension of the Defense Production Act for a period of 2 years.

STATEMENT OF DR. ARTHUR S. FLEMMING, DIRECTOR OF DEFENSE MOBILIZATION

Dr. FLEMMING. Mr. Chairman and members of the committee: I would like, just briefly, to discuss with you the importance of the existing authorities in connection with both our current and long-range defense mobilization programs.

As the President pointed out in his state of the Union message, when he requested the extension of the Defense Production Act, the maintenance of a strong and flexible defense program requires that current military and atomic-energy programs proceed without interruption and that we have a broad and diversified mobilization base

which will reflect new requirements resulting from changes in technology and strategy.

The statement of policy of the Defense Production Act recognizes both of those objectives and the authorities provided in the various titles of the act are essential to meet them.

Since current and long-range programs are interdependent to a substantial degree, I desire to discuss the various authorities now in the act in relation to their utility for each type of program.

The priorities and allocations authority of title I of the act is of great importance to the procurement programs of the Department of Defense and the Atomic Energy Commission.

To maintain the necessary level of defense procurement without interruption during a period when the requirements of an expanding economy for materials and facilities are extremely high, it is necessary to insure a preference for delivery on defense orders.

The defense materials system, as operated by the Department of Commerce under a delegation made under the authority of the Defense Production Act, accomplishes that important purpose by requiring producers of basic forms and shapes of steel, copper, and aluminum to set aside certain percentages of their production for the filling of identified defense orders.

This device also insures the equitable distribution of defense orders among the various producers of basic items and leaves to each producer of such materials a relative share of his production for supplying his customers in the civilian market.

The identified orders of the Department of Defense and the Atomic Energy Commission are given a preference in delivery which applies, not only to the basic materials in those set-asides, but also to other materials, such as nickel, and to the various components entering into the production of the end item ordered.

However, the use of the priorities and allocations authority is limited to assuring adequate handling of defense orders as required by the act. It does not operate to control the distribution of goods in the defense-supporting and civilian elements of the economy. This is in accord with the spirit of the law as expressed in section 101 (b) which provides that—

> The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

The present limited operation of the defense materials system, in addition to meeting current military requirements, provides us with a readiness measure of extreme importance. It is a mechanism which could be expanded in time of mobilization to provide for the more extensive control of materials in the civilian market which would be required by the sharp increase in defense and defense-supporting orders.

Its current operation insures the maintenance of the requirements-gathering machinery in the producing plants and their suppliers as well as in the Department of Defense and in the Atomic Energy Commission.

Prompt employment of this device for making the most efficient defense use of scarce materials is of great importance in any period of substantial mobilization and increases in value in proportion to the scarcity of materials and capacity. If this country were to suffer an atomic attack, with substantial losses of material and productive capacity, the DMS device would be absolutely essential to the effective utilization of our remaining productive resources for rehabilitation and survival and to wage war.

With respect to the authorities granted by title III of the act, the current programs for the expansion of productive capacity and supply are not so readily separable from the long-range preparedness programs for full mobilization.

Both are designed to make it possible for the Nation's productive machine to produce the volume of goods needed to wage a war with the least possible delay.

In connection with the proposed extension of title III authorities, however, a separate discussion of these programs and of how we expect those powers to be used to meet them might be helpful.

To the extent that the program to provide the Nation with adequate productive capacity deals with facilities producing items in substantial peacetime demand, it can be said that the job is nearing completion.

Of the 227 expansion goals established, only 32 now remain open, and some of the 32 have already been reached and consideration is being given as to whether or not they should be closed.

Combinations of tax amortization assistance and one or more of the forms of assistance authorized by title III will probably be necessary to reach some of the goals while in other cases some type of preparedness measure may have to be adopted as a substitute for capacity in being.

The use of authorities in the act for preparedness programs designed to reduce the time required to mobilize in the event of an attack was recognized by the 1955 amendments to the act.

We have developed, for example, a program to procure machine tools to round out existing capacity for the production of turbines and turbine gears for ship propulsion. This program is now being rechecked from a requirements point of view before it is actually put into operation. Wartime requirements for capacity for which there is no present peacetime need can be met, as in this case, by the installation in private plants of standby production lines to be maintained by the producer.

We have developed a machine tool pool order program which will permit the Government to enter into contracts now with the producers for production of designated tools on M-day. The contracts will be finalized in advance and production under them can commence on M-day upon a simple notice from the Government.

The authorities in title III and the borrowing authority available under it would be needed to carry out programs of these types.

In the event of an enemy attack on the United States with atomic weapons we could expect that large and critical segments of the mobilization base would be destroyed or damaged.

Rapid restoration of key facilities would be, of course, an essential factor in our ability to wage war and it is clear that substantial assistance from the government would be necessary.

The authorities presently existing in title III of the act, together with those in title I, could be used to take many important steps to achieve that objective.

Funds, scarce materials, and production equipment could be provided for the most critical restoration jobs.

We feel that one of our unfinished jobs is, in cooperation with the Federal Civil Defense Administration, to determine whether there are existing gaps in our mobilization base which, if closed now, would expedite survival and rehabilitation operations following an attack.

If such gaps are identified and if they in all probability will not be closed as a part of normal peacetime operations, it may be necessary to use the authorities under this title to deal with such situations.

The funds for expansion programs are made available through the borrowing authority of section 304 of the act.

Of the $2.1 billion authorized by the section, a little over $1.7 billion has been certified for obligation during the 5½ years since the program was initiated. About $400 million remains for future certification.

This balance is adequate for programs now in the planning stage. If in the future an increase is required we shall present that requirement and its justification to the Congress in the ordinary course.

I might say, Mr. Chairman, that it is conceivable that $400 million may be augmented because of the fact that experience will demonstrate that some of the $1.7 billion that has already been certified, will not be required—that is, the probable ultimate net cost to the Government may not reach the $1.7 billion.

Title VII of the act provides a number of supplementary authorities which are necessary to the exercise of the powers granted in the preceding titles and, in addition, includes two specific authorizations necessary to our mobilization program.

The voluntary agreements authority of section 708 provides a mobilization tool of great importance for current defense and for wartime use.

It authorizes an exemption from the antitrust laws for private parties engaged in combined actions found to be in the public interest as contributing to the national defense.

Under this authority there are in force 23 agreements, 20 of them integration or production committees of the Department of Defense.

Committees consisting of all contractors with the Department for a particular military end item are able, through the exchange of information, techniques and processes, to develop production practices, standardized parts and other devices for achieving a more efficient and uniform product with greater economy.

In accordance with the 1955 amendment to section 708, membership on these committees is being expanded to include standby contractors and other qualified prospective producers. This will result in a broader base of producers with information on the standard production techniques developed through the joint action of the committee.

These committees thus perform a valuable service for current military programs and also provide a broad base for the expansion of production which would become immediately urgent in time of war.

Two other agreements, dealing with tanker capacity and foreign petroleum supply are in the process of amendment as a result of the

Attorney General's review of all outstanding agreements as directed by the 1955 amendments.

In each of these agreements the Attorney General found that from the antitrust viewpoint certain modifications were indicated, and after consultations with the interested agencies we were able to work out amendments which would meet his objections and yet provide a mechanism which would serve to achieve the important national defense objectives of the agreements.

Each of these agreements contains the important defense provision for a stepped-up program in time of war, a device which would permit the maximum effective use of facilities and supplies covered by the agreements on a voluntary basis without the necessity for Government allocation.

All of the existing agreements have current and wartime value and in the event of trouble the need for such agreements would undoubtedly increase, probably in more areas than are presently authorized by the law.

The 1955 amendments added a new subsection to section 710 of the act authorizing a program which we believe to be of tremendous importance as a readiness measure—the executive reserve program.

In accordance with the provisions of that subsection and of Executive Order 10660, each agency having mobilization responsibilities is authorized to set up and train a reserve of persons from private life and from Government to fill executive positions in the Federal Government in time of mobilization.

Under this program the agencies will select persons qualified to fill key positions and will secure their agreement, backed up by their employers, to be available for service in the event of mobilization.

Central rosters will be maintained to provide general information on the program and to avoid duplication of requests to participate and excessive calls on any single concern.

Reservists will be trained in the operations of the Government as well as in the various mobilization plans of importance to their wartime posts and will participate in test exercises similar to Operation Alert, in June of 1955.

The immediate availability of such a reserve, capable and informed, to perform the many urgent administrative jobs would meet one of the most difficult problems of a rapid, full-scale mobilization.

In this connection, Mr. Chairman, I should mention the authority to hire consultants and experts on a "without compensation" or a "when actually employed" basis.

After its careful review of this subject last year the committee is aware, I am sure, of the importance of these provisions to secure the advice and experience of men from the many segments of the economy with which the mobilization program must deal.

In time of war, those men will be needed to assist in carrying out various parts of that program and many will have to be employed on a similar basis.

While many people from private life, including some of the executive reservists, will be willing and able to serve on a salary basis, others will be unable to do so and we should, of course, be in a position to acquire the services of such people.

The additional statutory restrictions placed on such employment by the Congress last year have had no adverse effects as far as ODM

is concerned on our ability to acquire or retain the necessary services of such persons.

We have curtailed the number of WOC's on our rolls but that action merely reflects our desire to carry out the necessary administrative processing only with respect to those actively engaged in providing advice to the agency. When and if the occasion should again arise for the services of those previously retained on the rolls in a standby basis, the necessary processing can be done then.

As I have indicated, the authorities now existing in the act are urgently needed for current military and atomic energy programs, for mobilization planning activities including an increasing number of preparedness programs and for immediate use in the event of full or partial mobilization.

The scope of these programs and the assumptions upon which they are based clearly indicate that they must be pursued and continuously revised for some time to come—these are not short-range programs.

We believe that the authorities in the act are adequate, for the present at least, and we are requesting no amendments at this time.

We do believe, however, that because of the long-range nature of the programs the act should be extended for 2 years.

The only other change we are requesting is the corollary extension for 2 years of the period of time over which expansion contracts under section 303 may extend.

Mr. Chairman, that presents my opening remarks in support of the bill which you have introduced providing for the extension of the act for a period of 2 years.

The CHAIRMAN. Dr. Flemming, how does the number of employees without compensation compare now with what you had in previous years?

Dr. FLEMMING. Mr. Chairman, we have on our rolls, in the Office of Defense Mobilization at the present time, 64 employees on a when-actually-employed basis, and 65 on a without-compensation basis. In other words, in both categories we have a total of 129. I don't have the figure available, Mr. Chairman, as to what their employment was, say, 1 year ago, but I am sure that it was somewhere around 180.

But there were a fair number of persons who were technically on our rolls on a without-compensation basis, but who were not actually being used in a consultative or advisory capacity at that time.

So, after the Congress extended the Defense Production Act, with the new provision, relative to without compensation, and when actually employed personnel, we decided to renew the appointments only of those whom we were actually using on a consultative basis at that time.

Now, if of course we find need for the services of some of those who were on the rolls a year ago, who are not on the rolls at the present time, we will invite them to become associated with us, and of course they will be processed in accordance with the amendments to the Defense Production Act.

The CHAIRMAN. Those men that are on the rolls without compensation, have their salaries in private enterprise continued just as they existed before they took that employment, is that correct?

Dr. FLEMMING. As a rule that is correct, Mr. Chairman. Those who are on a without-compensation basis are simply reimbursed at a rate of $15 per diem for expenses.

The CHAIRMAN. Do you think it is absolutely essential to continue that practice?

Dr. FLEMMING. Mr. Chairman, I do have the same feeling relative to their employment that I had a year ago. There is no question in our minds at all but that they are rendering us a very valuable service, as consultants, in accordance with the amendments to the act that were approved by the Congress. On policy matters they simply advise someone else, who in turn has the responsibility for taking the action, and the person that they advise is a full-time employee of the United States Government.

Mr. Chairman, many of these without-compensation employees, for example, are not with us on anything approaching a full-time basis. Many of them are simply members of advisory committees that are helping us and assisting us in connection with some of the problems that confront the Office of Defense Mobilization.

For example, we have a science advisory committee, the chairman of which is Dr. L. D. Bridge, the president of the California Institute of Technology. Many outstanding scientists serve on that committee.

All of the men who serve on that committee are either without compensation personnel or when actually employed personnel. But they meet about once every 2 months.

We have a health resources advisory committee, where the personnel who also fall within these classifications. They meet about once a month.

So offhand, on the when-actually-employed basis I indicated to you we had a total of 64. Only 3 of those are full-time, and on the without-compensation basis I indicated a total of 65, and I don't think more than 4 or 5 of these are full time, possibly not that many. Most of them are intermittent consultants to the Office of Defense Mobilization.

The CHAIRMAN. Is their voice strong in the adoption of policy matters?

Dr. FLEMMING. Well, Mr. Chairman, of course that would vary somewhat in terms of the type of person involved. We select them because we feel that they are qualified and competent to give us advice in particular areas, but we recognize the fact that once you make a decision, you should not say—perhaps some do at times, but you should not say that you made the decision because you got the wrong advice. The full-time Government official should assume full responsibility for the decision that he makes. It is up to him to see to it that he gets the very best kind of advice before he arrives at that decision—advice from various sources.

So I would say that in the scientific field, for example, the science advisory committee has been extremely helpful to me as a director of the Office of Defense Mobilization, in connection with the discharge of some of my duties as a member of the National Security Council, for instance.

They likewise advise the President directly, and have been helpful to him in connection with certain problems which have confronted us in that particular area.

Recently, to give you another illustration of the use of the authority, I felt the need—well, let me back up a little. A little over a year ago, I felt that it would be desirable to have someone come in from the out-

side and develop a bird's-eye view of this titanium problem. I asked Mr. Harold Vance, then chairman of the executive committee of the Studebaker-Packard Corp., to come in and conduct that survey for me. He did, and he filed a very valuable report, one that we have used very extensively.

As you know, since then, of course, Mr. Vance has been made a member of the Atomic Energy Commission.

Recently I felt the need for a similar study as far as nickel is concerned, and I invited Dr. Townsend, who is one of the top officials of the Sandia Corp., and who is also chairman of one of the top advisory committees in the National Academy of Sciences, to come in and make that particular survey. Under those circumstances I used this without-compensation authority.

I feel that an agency such as ours, which is faced with the necessity of turning from one complicated type of problem to another, must be in a position where it can draw on the services of such persons from time to time.

The CHAIRMAN. Some of the decisions you make, in the Department, would have a beneficial or detrimental effect on the businesses of some of the advisers; isn't that true?

Dr. FLEMMING. Well, Mr. Chairman, it is always difficult to generalize on a matter of that kind, but I can assure you that in reaching out for consultants to advise on a particular matter, that is a problem that we always keep uppermost in our minds, and if we have got a highly controversial issue with which we are dealing we are not going to deliberately reach out and ask for advice on just one side of that issue.

Now, it may be that in the course of the consideration of an issue of that kind we might find it desirable to ask for advice from people that were regarded as experts on both sides of that particular issue, and get their conflicting advice and recommendations, so that we could hammer it out and arrive at a conclusion.

The CHAIRMAN. How far do you think their personal interests would affect people who were charged with giving you advice on matters of policy? Do you think they would distort it entirely?

Dr. FLEMMING. Mr. Chairman, my experience has been that these people are brought into the service of the Government and are asked to serve in a particular capacity, and take the same oath of office that all of us take. They are certainly very anxious, in most instances, to lean over backward in order to make sure of the fact that they are taking into consideration the broad public interest in the advice and recommendations that they give to us, and I have not, as far as my own personal experience is concerned, run into a contrary type of situation.

The CHAIRMAN. You haven't seen that influence active in any of the decisions—that is, personal influence?

Dr. FLEMMING. Pardon me, Mr. Chairman?

The CHAIRMAN. I say you have not observed that that influence has been very active in any of the decisions which have been made?

Dr. FLEMMING. First of all, Mr. Chairman, I think we should again point out that under the amendments to the act, none of these without-compensation employees, or when-actually-employed employees, who

are employed under the provisions of the Defense Production Act, can make any policy decision of any kind. They are specifically prohibited from doing that. All they can do is to advise the full-time employees of the Government, and those full-time employees must assume responsibility for the decisions.

The CHAIRMAN. Would you ask them for advice if you knew they had an interest which was contrary to the interests of the Administration?

Dr. FLEMMING. Would we ask them?

The CHAIRMAN. Yes, sir; if you knew from their relationship that they necessarily had an interest that was not in conformity with the best interests of the Government, would you ask them for advice?

Dr. FLEMMING. No; normally you just wouldn't ask them for advice on that kind of a problem, and in most cases they would be very careful not to offer any advice on that kind of a problem. At least that has been my experience.

The CHAIRMAN. We pray not to lead us into temptation. You wouldn't do that?

Dr. FLEMMING. We wouldn't put before them the opportunity for temptation.

The CHAIRMAN. The powers which you now have and which you exercise most frequently are powers of allocation and priority. That is the greatest part of your power at this time, is it not?

Dr. FLEMMING. Yes, sir, Mr. Chairman; as I indicated in my statement, those authorities as incorporated in title I of the act are very important in connection with the current mobilization program, as well as being very important to us in terms of getting ready for the possibility of general mobilization.

The CHAIRMAN. Tell us something about the purchase program, for the storage of strategic materials. Haven't you a metals purchasing program?

Dr. FLEMMING. Yes, sir.

Mr. Chairman, I am sure you are referring to the program that we carry on under the provisions of the Strategic and Critical Materials Stockpiling Act.

The CHAIRMAN. Yes, sir.

Dr. FLEMMING. That is carried on under another act passed by the Congress.

I can state to the committee that our general situation is this: We have on our list of strategic and critical materials to be stockpiled about 74 materials at the present time.

In connection with those materials we have two types of objectives—a minimum stockpile objective, and a long-term stockpile objective.

The minimum stockpile objective is set by taking our military requirements as furnished by the Department of Defense, our defense or war-supporting requirements as furnished by agencies such as the Department of Commerce, and the requirements of a rockbottom civilian economy, and then balancing the total requirements picture over against the supply picture.

In determining available supply, we take into consideration, of course, what would be available from domestic sources, and then we also take into consideration what would be available from foreign

sources, discounting those supplies from foreign sources by a percentage that is worked out following advice from the Joint Chiefs of Staff and the Secretary of State.

Then, after we have balanced the requirements over against the supply in that manner, we determine what the gap would be over a 5-year emergency period, and that gap becomes our minimum stockpile objective.

In the case of the long-term stockpile objective, the President directed us to set those long-term objectives by discounting our foreign sources of supply 100 percent, except in the case of Canada, Mexico, and a few other countries very close to this country, and then he said that wherever the long-term objective exceeded our minimum stockpile objective, that we should proceed from the minimum stockpile objective to the long-term stockpile objective at times when we could acquire the materials at prices that were favorable to the Government, and at times when by acquiring the materials we could help to bolster up or strengthen the domestic production activities, or the domestic mobilization base.

Our minimum stockpile objectives—the value of our minimum stockpile objectives—is about $7,800,000,000. We actually have on hand at the present time about $6,100,000,000.

The value of our long-term stockpile—that is, if we take into consideration both the minimum stockpile objective and the long-term stockpile objective, the overall objective is about $11,200 million, and as against that long-term objective we have on hand at the present time around $7 million worth.

I am quoting those figures from memory and, Mr. Chairman, of course, I would like to have the opportunity of correcting them for the record.

The CHAIRMAN. You may do so.

Dr. FLEMMING. There is someone here who can check my memory right now and if I am wrong, I can correct the figures immediately.

In any case we have made substantial progress in the direction of achieving both our minimum and our long-term stockpile objective, and of course we are continuing to pursue that program.

Now, we acquire those materials in two ways:

In many instances we acquire them by authorizing and directing the General Services Administration to go out into the open market and to enter into contracts for the materials to bring them in and put them into our stockpile.

In other instances, of course, we acquire materials under the materials expansion programs that have been authorized under the Defense Production Act, and under the Defense Production Act, when those materials are acquired, the Government can either use them or resell them. If we have any room in our stockpile—in other words, if we have not achieved our stockpile objectives—we take the materials that are acquired under the expansion contracts of the Defense Production Act and transfer them to the stockpile, and then we use stockpile funds to reimburse the revolving fund of the Defense Production Act, and a fair percentage of the materials that are now in the stockpile have been acquired in that particular way.

Mr. Chairman, that is just a brief summary of the situation in that area.

The CHAIRMAN. What part of the stockpile has been produced domestically?

Dr. FLEMMING. I couldn't answer that from memory, and of course it varies from material to material. I can get that figure, Mr. Chairman.

The CHAIRMAN. I mean generally, overall.

Dr. FLEMMING. It would be difficult for me to estimate on an overall basis because it varies so sharply. For example, in the case of nickel we have to acquire virtually all of it from outside this country. We just don't have much in this country.

In the case of lead and zinc, for example, as we acquire lead and zinc against our long-term stockpile objective, we acquire only newly mined domestic materials. We just won't take it from abroad at all, because we feel that the program should contribute to a strengthening of the domestic mobilization base.

The CHAIRMAN. How do the prices you have had to pay for materials compare with current market prices at the time you purchased them?

Dr. FLEMMING. Again, Mr. Chairman, that varies. Where the General Services Administration purchases on the market, of course, they acquire at the market price.

Some of the expansion contracts entered into under the Defense Production Act made provision for acquiring the materials at a so-called premium price.

Again, I could give an overall figure on that, or I could give a breakdown, material by material. That information, when you break it down material by material, of course is classified. It is contained, however, in the classified report on the stockpile program that we file periodically with the Congress. We file that every 6 months, Mr. Chairman, with the Vice President and with the Speaker of the House. I am not sure just what distribution the classified report receives within the Congress itself, but we do file it every 6 months, and it is a very detailed statement or just what we are doing in connection with each material.

The CHAIRMAN. And you are satisfied with the act as it now stands?

Dr. FLEMMING. Mr. Chairman, we are. We are simply asking for the two time extensions that I referred to in my testimoy.

The CHAIRMAN. And you don't want any of the powers you had previously restored?

Dr. FLEMMING. No, Mr. Chairman, we are perfectly satisfied with the powers that are contained in the act at the present time.

The CHAIRMAN. That is rather an unusual attitude in the Administration.

Dr. FLEMMING. Well, Mr. Chairman, we feel that we can do the job that the Congress and the President expect us to do under the existing authorities. At any time that we feel they are deficient, of course, we know, from the attitude that you and the other members of this committee have adopted, that you will be perfectly willing to have us appear before you, on rather short notice, and indicate to you just what our situation is, and we feel sure of the fact that if we

needed something additional in order to carry on the security program of the Nation, that this committee would take affirmative action.

The CHAIRMAN. There is no doubt about that. We would be glad to have you come in at any time if you thought you needed additional powers.

Dr. FLEMMING. Thank you, Mr. Chairman.

Mr. Chairman, could I at this time give those figures again on the status of the stockpile?

At the present time, our minimum stockpile objective is $6,900,000,000. I think I said $7 billion. We have inventory, or on order, at the present time, $5½ billion of materials that can be counted towards the minimum stockpile objective.

As far as our long-term stockpile objectives are concerned, over and above the minimum stockpile objective, those objectives are $4,300,000,000. We have on hand or on order, $1,300,000,000.

But then if you will telescope the two figures, to get the overall program, our overall objective, both the minimum and the long term, is $11,200,000,000. We have on hand, against that overall objective, $6,800,000,000 worth. That is based on the current market prices. Of course, Mr. Chairman, as you and the other members of the committee appreciate, that fluctuates rather rapidly, particularly when copper, for example, starts to move up, as it has in recent months; of course that in turn increases the value of the material in the stockpile, and also has the effect of pushing our objective up to some extent.

But that is the overall status of the stockpile at the present time.

The CHAIRMAN. What are the most important strategic materials that are stockpiled?

Dr. FLEMMING. Well, Mr. Chairman, just to pick two of them at the present time, I would say nickel and copper are extremely important. And of course aluminum is important although we are now in a position where we have acquired all we need to acquire for the aluminum stockpile.

The CHAIRMAN. What strategic materials that are essential are not produced in the United States at all?

Dr. FLEMMING. Nickel is one of our best illustrations, although it isn't fair to say that no nickel is produced in the United States. Small amounts are now being produced in the State of Oregon.

But outside of that, all of it comes from outside. Another good illustration is tin. That comes entirely from outside this country. Natural rubber comes entirely from outside this country.

The CHAIRMAN. We never have produced any tin, have we?

Dr. FLEMMING. Congressman Brown, as chairman of the Joint Committee on Defense Production, knows that some efforts were made along that line in Alaska. That was a matter of rather extensive hearings a couple of years ago. But outside of that, no.

The CHAIRMAN. Mr. Brown——

Mr. BROWN. Doctor, I want to congratulate you on the splendid statement you have made. Your responsibilities are many and I think you have the biggest job in the Government, and in my opinion you have made good.

Dr. Flemming. Thank you. I appreciate that, Congressman Brown. I appreciate it very much.

The Chairman. Are there questions?

Mr. Talle. Mr. Chairman——

The Chairman. Dr. Talle——

Mr. Talle. Thank you, Mr. Chairman.

I will not ask any questions at this time, but I want to compliment you, Dr. Flemming, on your excellent testimony.

Dr. Flemming. Thank you, sir.

Mr. Patman. Mr. Chairman——

The Chairman. Mr. Patman——

Mr. Patman. Dr. Flemming, last year you testified, in July of 1955, and I asked you to insert certain information in the record. Commencing at page 11, you inserted in the record, from the Executive Office of the President, Office of Defense Mobilization, under date of July 15, 1955, certain information about the people working without compensation. That information covers four or five pages. Will you bring that information up to date?

Dr. Flemming. I will be very happy to, Mr. Patman.

I think it would be much more satisfactory from your point of view, and probably easier to handle administratively, if we simply provided the information as to the persons that are on the rolls on a without-compensation basis, say, as of this date.

Mr. Patman. That is right, and note any changes in the list that was put in last year. In other words, if certain ones are off now, indicate that. If additional ones have been put on, indicate the additional ones.

Dr. Flemming. We will be very happy to do that.

Executive Office of the President, Office of Defense Mobilization

The following person has received a without compensation appointment under Executive Order No. 10647 and serves on a full-time basis:

Name	Title and ODM area	Dates of ODM employment	Private employment
Ogden, Chester F	Consultant (executive reserve); materials Assistant Director for Materials	Apr. 11, 1955, to Sept. 26, 1955 Sept. 27, 1955, to present	Manager of purchases, the Detroit Edison Co., Detroit Mich.

The following persons have received without compensation appointments under Executive Order No. 10647 as special consultants to the Director and serve on a part-time basis:

Name	Title and ODM area	Dates of ODM employment	Private employment
Brownlee, J. F	Adviser (special consultant to Director on Economic Controls); stabilization.	Feb. 10, 1953, to date	J. H. Whitney & Co., New York, N. Y.
Dargusch, Carlton S	Consultant (economic reserve); manpower Assistant Director for Manpower	Apr. 13, 1955, to Aug. 17, 1955 Aug. 18, 1955, to present	Partner, Dargusch, Carew, Greek & King, Columbus, Ohio.
Keenan, Joseph D	Assistant to Director for Labor; special assistants	Aug. 1, 1954, to date	Secretary-Treasurer, building and construction trades, A. F. of L., Washington, D. C.

The following persons have received without-compensation appointments under Executive Order No. 10647 as advisers and either serve on advisory committees or serve on an intermittent basis in order to advise on special problems:

Name	Title and ODM area	Dates of ODM employment	Private employment
Andersen, Ralph H	Adviser (production); production	June 14, 1955, to date	Executive vice president, United Engineering Corp., Miami, Fla.
Baker, William C	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	Vice president, Baltimore & Ohio RR. Co., Baltimore, Md.
Baylis, Arthur E	do	do	Vice president, New York Central RR., New York, N. Y.
Baker, Geoffrey	Adviser; stabilization	Feb. 10, 1955, to date	Vice president, Ralston-Purina Co., St. Louis, Mo.
Blackman, Harold S	do	Dec. 11, 1953, to date	Member, merchandise department, J. C. Penney Co., New York, N. Y.
Botkin, Harold M	Adviser (telephone); telecommunications	Oct. 24, 1955, to date	Assistant director of operations, American Telephone & Telegraph Co., New York, N. Y.
Bronk, Detlev W	Adviser (member, SAC); Science Advisory Committee.	Jan. 29, 1956, to date	President, National Academy of Sciences, Washington, D. C.

Brown, Andrew H	Adviser (Committee on Railroad Equipment); production.	Dec. 6, 1954, to date	Commerce counsel, Cleveland Chamber of Commerce, Cleveland, Ohio.
Campbell, Alexander	do	July 29, 1954, to date	General superintendent, Great Northern RR., St. Paul, Minn.
Caplan, Benjamin	Adviser (program planning); plans and readiness	Aug. 9, 1954, to date	Assistant chief economist, Sebenley Industries, New York, N. Y.
Conway, Granville	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	President, Cosmopolitan Shipping Co., New York, N. Y.
Cooke, James L	do	do	General superintendent, Seaboard Air Line RR. Co., Norfolk, Va.
Carey, Albert J	Adviser (production); production	June 14, 1955, to date	Vice president, New York Telephone Co., New York, N. Y.
Fisk, James B	Adviser (member, SAC); Science Advisory Committee.	Sept. 19, 1951, to date	Director of physical research and assistant director of research, Bell Telephone Laboratory, Inc., Murray Hill, N. J.
Hale, Howard W	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	Superintendent, St. Louis San Francisco Ry. Co., Springfield, Mo.
Haley, James F	do	do	Manager, Koppers Co., Inc., Pittsburgh, Pa.
Haskins, Caryl P	Adviser (member, SAC); Science Advisory Committee.	Oct. 12, 1955, to date	President, Carnegie Institution of Washington, Washington, D. C.
Henle, Peter	Adviser (manpower); manpower	May 23, 1955, to date	Assistant director of research, A. F. of L., Washington, D. C.
Holub, David C	Adviser; stabilization	May 18, 1954, to date	President, Holub Iron & Steel Co., Akron, Ohio.
Hood James M	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	President, American Shortline Railroad Association, Washington, D. C.
Killian, Dr. James R., Jr	Adviser (member, SAC); Science Advisory Committee.	Jan. 29, 1956, to date	President, Massachusetts Institute of Technology, Cambridge, Mass.
Lamberton, Richard H	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	Special representative, Union Tank Car Co., Chicago, Ill.
Land, Edwin H	Adviser (member, SAC); Science Advisory Committee.	Oct. 12, 1955, to date	Chairman of board, president, and director of research, Polaroid Corp., Cambridge, Mass.
LeSauvage, George R	Adviser; stabilization	Oct. 27, 1954, to date	Assistant to president, Frank J. Shattuck Co., New York, N. Y.
Lilygren, George N	Adviser (production); production	May 16, 1955, to date	Vice president, Carrier Corp., Syracuse, N. Y.
Lind, John N	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	General traffic manager, National Supply Co., Pittsburgh, Pa.
Livermore, Shaw	Adviser (program planning); plans and readiness	Feb. 9, 1956, to date	Economist with Rockefeller Bros., New York, N. Y.
Lutes, Leroy	do	Apr. 1, 1955, to date	President, Pacific Tire & Rubber Co., Oakland, Calif.
Lynch, Perry J	Adviser (Committee on Railroad Equipment), production.	July 29, 1954, to date	Vice president, Union Pacific Railroad, Omaha, Nebr.
Mahoney, J. J	do	do	Superintendent of transportation, Atchison, Topeka & Santa Fe Railroad, Chicago, Ill.
McCarthy, Russell C	Adviser (member, Labor-Management Manpower Policy Committee); manpower.	Nov. 3, 1952, to date	Manager, Industrial Management Council, Rochester, N. Y.
McLeod, John E	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	Chief mechanical officer, Chesapeake & Ohio Railroad, Richmond, Va.
Megee, Caleb R	do	do	Vice chairman, car service division, Association of American Railroads, Washington, D. C.
Nelson, Otto L. Jr	Adviser (special consultant to the director); Director's Office.	Jan. 10, 1956, to date	Vice president, New York Life Insurance Co., New York, N. Y.
Noe, James E	Adviser (production); production	May 17, 1955, to date	International representative, International Brotherhood of of Electrical Workers, A. F. of L., Washington, D. C.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF DEFENSE MOBILIZATION—Continued

Name	Title and ODM area	Dates of ODM employment	Private employment
Old, Bruce S	Adviser (member, SAC); Science Advisory Committee.	Sept. 17, 1951, to date	Vice president, A. D. Little, Inc., Cambridge, Mass.
Orner, F. J	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	General manager, New York, New Haven & Hartford R. R. New Haven, Conn.
Parsons, R. C	do	do	Vice president, Louisville & Nashville R. R., Louisville, Ky.
Phillips, Albert J	Adviser (member, Titanium Advisory Committee); materials.	Apr. 8. 1954, to date	Vice president, American Smelting & Refining Co., New York, N. Y.
Piore, Emanuel R	Adviser (adviser to the SAC); Science Advisory Committee.	Oct. 12, 1955, to date	Vice president for research, Avco Manufacturing Corp. New York, N. Y.
Powers, Philip N	Adviser (member, Committee on Specialized Personnel): manpower.	June 18, 1951, to date	Executive administrator (atomic electric project), Monsanto Chemical Co., St. Louis, Mo.
Potter, Charles W	Adviser (Production); production	May 24, 1955, to date	Assistant vice president, American Telephone & Telegraph Co., New York, N. Y.
Reeves, Edward D	Adviser (member, Committee on Specialized Personnel); manpower.	Nov. 20, 1951, to date	Executive vice president, Standard Oil Development Co., New York, N. Y.
Reid, Thomas R	Adviser (manpower); manpower	June 1, 1953, to date	Director of civic affairs, Ford Motor Co., Dearborn, Mich.
Reilly, J. Francis	Adviser (Committee on Railroad Equipment); production.	July 29, 1954, to date	Assistant to vice chairman, car service division, Association of American Railroads, Washington, D. C.
Ruttenberg, Stanley H	Adviser (manpower); manpower	June 6, 1955, to date	Director, Department of education and research, CIO, Washington, D. C.
Rill, John C	Adviser (Committee on Railroad Equipment); production.	Dec. 6, 1954, to date	President, Fruit Growers Express Co., Washington, D. C.
Schreiver, Herbert	do	July 29, 1954, to date	Statistician. Association of American Railroads, Washington, D. C.
Steiner, George A	Adviser (program planning); plans and readiness	Sept. 30, 1955, to date	Professor of economics, University of Illinois, Urbana, Ill.
Taylor, James H	Adviser (manpower); manpower	Oct. 25, 1955, to date	Director of industrial relations, Procter & Gamble Co., Cincinnati, Ohio.
Townsend, John R	Adviser (nickel); materials	Jan. 13, 1956, to date	Director of materials and standards engineering, Sandia Corp., Sandia Base, Albuquerque, N. Mex.
Trigg, Ralph S	Adviser (production); production	June 13, 1955, to date	Self-employed.
Tupper, Ernest A	Adviser (program planning); plans and readiness	Feb. 15, 1955, to date	Manager, American Can Co., Washington, D. C.
Walker, L. Gordon	Adviser (production); production	June 14, 1955, to date	Manager, Ore & Coal Exchange, Cleveland, Ohio.
Walsh, Maurice C	Adviser; stabilization	Nov. 3, 1954, to date	Assistant to the president, Champion Paper & Fiber Co., Hamilton, Ohio.
Wampler, Charles E	Adviser (program planning); plans and readiness	Apr. 25, 1954, to date	Assistant vice president, American Telephone & Telegraph Co., New York, N. Y.
Williams, James A	Adviser (production); production	May 16, 1955, to date	Division manager, New England Telephone Co., Boston, Mass.
Webster, William	Adviser (member, Committee on Specialized Personnel); manpower.	Aug. 13, 1951, to date	Vice president, New England Electric Systems.
Wellford, R. Carter	Adviser (manpower); manpower	Aug. 3, 1954 to date	Personnel manager, film department, E. I. du Pont Co., Wilmington, Del.

Young, John D	Adviser; Director's Office	Feb. 6, 1956, to date	Management consultant, McKinsey & Co., Washington, D. C.
Schafer, George H	Adviser (Committee on Railroad Equipment); production	July 29, 1954, to date	General traffic manager, Weyerhauser Sales Co., St. Paul, Minn.

List of persons who received without-compensation appointments under Executive Order No. 10647 and were on the rolls as of July 15 1955, whose appointments have since been terminated:

Name	Title and ODM area	Dates of ODM employment	Private employment
Armstrong, Cole A	Consultant; plans and readiness	Oct. 14, 1954 to Sept. 7, 1955	Defense activities engineer, American Telephone & Telegraph Co., New York, N. Y.
Baxter, James P., 3d	Consultant; Science Advisory Committee	Dec. 9, 1954, to July 30, 1955	President, Williams College, Williamstown, Mass.
Bell, Frederick J	Consultant (executive reserve); manpower	June 14, 1955, to Dec. 22, 1955	Executive vice president, National Automobile Dealers Association, Washington, D. C.
Berkner, Lloyd V	Consultant; plans and readiness	June 23, 1953, to Dec. 20, 1955	President, Associated Universities, New York, N. Y.
Bond, Horatio L	do	Aug. 10, 1953, to Dec. 20, 1955	Chief engineer, National Fire Protection Association, Boston, Mass.
Bowerfind, E. S	do	May 24, 1954, to Aug. 17, 1955	Director, public relations, Republic Steel Corp., Cleveland, Ohio.
Brewster, Ellis W	Consultant; materials	Mar. 8, 1955, to Dec. 27, 1955	Chairman of the board, Plymouth Cordage Co., North Plymouth, Mass.
Cleaves, Emery N	Consultant; plans and readiness	May 24, 1954, to Aug. 17, 1955	Vice president, Celanese Corporation of America, New York, N. Y.
Cotton, Richard W	do	Feb. 4, 1953, to July 10, 1955	Assistant to the president, Philco Corp., Washington, D. C.
Cheston, Charles S	Consultant; Office of Director	Nov. 23, 1954, to Aug. 19, 1955	Director of various industrial and financial institutions.
Crowson, George M	Consultant; plans and readiness	May 24, 1955, to Aug. 17, 1955	Assistant to the president, Illinois Central RR., Chicago, Ill.
Dennis, John P	Consultant; coordinator on transportation production.	Sept. 29, 1954, to Aug. 31, 1955	Traffic manager, the Texas Co., New York, N. Y.
Eddy, Nelson R	Consultant; stabilization	June 16, 1954, to Dec. 27, 1955	Director of sales coordination, Best Foods, Inc., New York, N. Y.
Emberson, Richard M	Consultant; plans and readiness	May 12, 1953, to Dec. 20, 1955	Assistant to the president, Associated Universities, Inc., New York, N. Y.
Emmerich, Herbert	do	July 8, 1955, to Feb. 23, 1956	Director, public administration, Clearing House, Chicago, Ill.
Floyd, William S	Assistant Director for Materials	Sept. 9, 1954, to Sept. 27, 1955	Manager, San Francisco purchasing, Shell Oil Co., San Francisco, Calif.
Flynn, John J	Consultant (executive reserve); manpower	Apr. 18, 1955, to Sept. 30, 1955	International Union of Electrical, Radio and Machine Workers, CIO, Washington, D. C.
Fowler, Vincent R	Consultant; plans and readiness	Apr. 10, 1953, to Aug. 17, 1955	Secretary-treasurer, Bozell & Jacobs, New York, N. Y.
Garrett, James F	Consultant; Health Resources Advisory Committee.	Mar. 3, 1955, to Sept. 30, 1955	Chief, Division of Program Services, Health, Education, and Welfare, Washington, D. C.
Greeley, L. J	Consultant; plans and readiness	Oct. 6, 1954, to Dec. 27, 1955	Retired brigadier general, U. S. Army.
Henderson, Forest L	Consultant (executive reserve); telecommunications.	Apr. 5, 1955, to Dec. 20, 1955	Vice president, American Cable & Radio Corp., New York, N. Y.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF DEFENSE MOBILIZATION—Continued

Name	Title and ODM area	Dates of ODM employment	Private employment
Hall, Herbert L	Consultant (executive reserve); materials	May 6, 1955, to Dec. 27, 1955	Manager, production planning division, Aluminum Company of America.
Hoyt, Palmer	Consultant; Office of Director	Nov. 14, 1954, to Aug. 19, 1955	Editor and publisher, the Denver Post, Denver, Colo.
Kelly, Burnham	Consultant, plans and readiness	Aug. 3, 1953, to Dec. 16, 1955	Massachusetts Institute of Technology, Cambridge, Mass.
Knott, Leslie W	Consultant; Health Resources Committee	May 12 to Sept. 30, 1955	Executive secretary, Health Manpower Committee, U. S. Public Health Service, Washington, D. C.
Lauritsen, Charles C	Consultant; Science Advisory Committee	July 16, 1952 to Feb. 19, 1956	Professor of physics, California Institute of Technology, Pasadena, Calif.
Lovell, Endicott	Consultant (executive reserve); plans and readiness.	June 30 to Aug. 29, 1955	President, Calumet & Hecla, Inc., Chicago, Ill.
McIntyre, A. F	Consultant; production	July 29, 1954, to Aug. 17, 1955	Chief of freight transportation, Pennsylvania RR, Philadelphia, Pa.
Nelson, Otto L., Jr	Consultant; plans and readiness	May 13, 1953 to Dec. 27, 1955	Vice President, New York Life Insurance Co., New York, N. Y.
Paul, G. Stewart	Consultant (executive reserve); telecommunications.	Apr. 15 to Dec. 20, 1955	Vice president, Western Union Telegraph Co., New York, N. Y.
Rabi, Isidor I	Consultant; Science Advisory Committee	Jan. 1, 1954, to Feb. 19, 1956	Professor of physics, Columbia University, New York, N. Y.
Richardson, George J	Cousultant; plans and readiness	May 6, to Dec. 27, 1955	Secretary-treasurer, International Association of Fire Fighters, Washington, D. C.
Rhoads, J. H	Consultant; stabilization	Sept. 23, 1954, to Dec. 27, 1955	Partner, Rhoads & Co., Philadelphia, Pa.
Seltzer, George	do	Nov. 24, 1954, to Dec. 27, 1955	Visiting lecturer, University of Minnesota, Minneapolis, Minn.
Sherrard, Glenwood J	do	Sept. 30, 1953, to Dec. 27, 1955	President, Parker House, Boston, Mass.
Sparks, William S	Consultant (executive reserve); telecommunications.	Mar. 28 to Dec. 20, 1955	Vice president, RCA, New York, N. Y.
Strauss, Simon D	Consultant; materials	Mar. 4, 1954 to Dec. 27, 1955	Vice president, American Smelting & Refining Co., New York, N. Y.
Stockton, Joseph D	Consultant (executive reserve); telecommunications.	Ap. 14, 1955 to Dec. 27, 1955	Vice president, Illinois Bell Telephone Co., Chicago, Ill.
Taylor, James H	Expert (Assistant Director for Manpower)	May 25, 1954 to Aug. 17, 1955	Director of industrial relations, Procter & Gamble Co.,, Cincinnati, Ohio.
Vance, Harold S	Consultant; Office of Director	May 16, 1952 to Nov. 2, 1955	Chairman of the board and president, Studebaker Corp., South Bend, Ind.
Weaver, Elmer H	Consultant; materials	Oct. 1, 1953 to Dec. 27, 1955	Manager of purchases, Union Oil Company of California.
Wortham, Richard W., Jr	do	May 14, 1955 to Dec. 27, 1955	Vice president, Southland Paper Mills, Inc., Lufkin, Tex.
Werner, William G	Consultant; plans and readiness	May 24, 1954 to Aug. 17, 1955	Manager, public relations, Procter & Gamble Co., Cincinnati, Ohio.
Wysor, Rufus J	Consultant; materials	Mar. 2, 1954 to Jan. 4, 1956	Special consultant, United States Steel Corp., Pittsburgh, Pa.
Wasson, Edward H	Consultant (executive reserve); telecommunications.	June 30, 1955 to Dec. 20, 1955	Vice president, American Telephone & Telegraph Co. New York, N. Y.
Young, John D	Consultant; Office of Director	July 15, 1954 to Dec. 27, 1955	Management consultant, McKinsey & Co., Washington, D. C.

Zacharias, Jerrold R	Consultant; Science Advisory Committee	Oct. 1, 1952 to Feb. 19, 1956	Professor of physics, Massachusetts Institute of Technology, Cambridge, Mass.
Botkin, Harold M	Assistant Director for Telecommunications	Sept. 22, 1954 to Sept. 16, 1955	Assistant director of operations, American Telephone and Telegraph Co., New York, N. Y.
Hollister, Solomon G	Consultant; manpower	June 15, 1951 to Dec. 22, 1955	Dean, College of Engineering, Cornell University, Ithaca, N. Y.

List of persons who received without compensation appointments under Executive Order No. 10647, after July 15, 1955, whose appointments have since been terminated:

Name	Title and ODM area	Dates of ODM employment	Private employment
Bugbee, Percy	Consultant; plans and readiness	July 19 to Dec. 20, 1955	General manager, National Fire Protection Association, Boston, Mass.
Tracy, Osgood V	Consultant (executive reserve), materials	July 15 to Dec 27, 1955	Director, general manager, and chemical executive, Esso Standard Oil Co., New York, N. Y.
Howard, Katherine G	Consultant; plans and readiness	July 19 to Dec. 20, 1955	Special adviser to the Administrator, Federal Civil Defense Administration.
Kuper, J. B. Horner	do	do	Department chairman, Brookhaven National Laboratory, Upton, N. Y.
Root, Elihu, Jr	do	do	Counsel to firm, Cleary, Gottlieb, Friendly & Hamilton, New York, N. Y.

Mr. Patman. And the same information about tax amortization applications. We have several pages there of pending applications. Most of them were pending. I would like to know the status of those applications at this time. In other words, were they rejected, were they approved, and what is the present status, in dollars and cents, or any other information that would be pertinent.

Dr. Flemming. We will be very happy to do that.

Table No. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*

General criteria for classification as "small business".—Determination of small business in manufacturing industries, with the exception of "Ordnance," was based on the system outlined in Size Classification of Manufacturers issued by the Department of Commerce in November 1951, and on pre-Korean employment data. All manufacturing companies with less than 100 employees are classified as "small" and all those with 2,500 or more are listed as "large." In between, different factors are employed in different industries, such as relative position in the industry and degree of concentration of output. For "Ordnance" and all nonmanufacturing industries, any firm with less than 500 employees was classified as small business.

Size Symbol

L—Large business
S—Small business
U—Size unknown

Firm Size

Number of employees:	*Code*
Less than 100	1
100 to 249	2
250 to 499	3
500 to 999	4
1,000 to 2,499	5
2,500 to 4,999	6
5,000 to 9,999	7
10,000 or more	8
Number unknown	0

Status

C—Certified
D—Denied
E—Expired
W—Canceled
U—Rejected
P—Pending

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
L	5	Electric Energy, Inc	United States at large	Aug. 14, 1951	$191,000	P				
U		Ansonia Wire Cable Co	Ansonia, Conn	Jan. 9, 1953	112	P				
L	5	Idaho Power Co	United States at large	Aug. 6, 1953	35,944	P				
L	5	do	do	Aug. 21, 1953	67,138	P				
L	5	Panhandle Eastern Pipe Line Co	do	Dec. 29, 1953	2,896	P				
L	5	do	do	do	6,521	P				
L	4	Michigan-Wisconsin Pipe Line Co	do	Mar. 10, 1954	11,435	P				
S	3	Sword Line, Inc	do	Mar. 12, 1954	18,000	P				
L	8	Harvey Machine Co., Inc		Mar. 23, 1954	24,842	P				
L	5	Sundstrand Machine Tool Co	Belvidere, Ill	June 3, 1954	520	P				
S	1	Navajo Refineries, Inc	Albuquerque, N. Mex	June 29, 1954	10,000	P				
S	1	Arizona Refineries, Inc	Phoenix, Ariz	do	11,885	P				

S	1	Land-Air, Inc	Chicago, Ill	July 21, 1954	6	P				
L	8	Shell Oil Co	Sewaren, N. J	July 23, 1954	216	P				
L	8	Ethyl Corp	Houston, Tex	Aug. 24, 1954	18,000	P				
L	8	Ethyl-Dow Chemical Co	Freeport, Tex	do	4,100	P				
L	8	Pacific Gas & Electric Co	United States at large	Oct. 5, 1954	179	P				
L	8	United States Steel Corp	Morrisville, Pa	Dec. 1, 1954	8,350	P				
L	8	Harvey Machine Co., Inc	Torrance, Calif	Dec. 28, 1954	1,870	P				
S	1	Andrew Corp	Orland Park, Ill	Dec. 27, 1954	190	P				
L	4	National Starch Products, Inc	Meredosia, Ill	Dec. 29, 1954	1,663	P				
L	8	Monsanto Chemical Co	St. Louis, Mo	Jan. 5, 1955	735	P				
L	7	Hughes Aircraft Co	Culver City, Calif	Jan. 13, 1955	478	P				
L	8	Bethlehem Steel Co	Lebanon, Pa	Jan. 14, 1955	260	P				
L	8	United States Steel Corp	Chicago, Ill	Jan. 20, 1955	88,000	P				
L	8	United States Steel Corp	Houseville, Pa	Feb. 7, 1955	25,000	P				
S	1	Gaylor Oil Terminals	Long Beach, Calif	Mar. 14, 1955	2,500	P				
L	4	Emery Transportation Co	Jersey City, N. J	Mar. 21, 1955	115	P				
L	4	Helipot Corp	Newport Beach, Calif	Apr. 5, 1955	1,000	P				
L	5	Texas Eastern Transmission Co	United States at large	Apr. 7, 1955	16,367	P				
L	8	United States Steel Corp	Duluth, Minn	Apr. 11, 1955	3,357	P				
S	1	Turco Products, Inc	Los Angeles, Calif	Apr. 18, 1955	443	P				
L	8	Westinghouse Electric Corp	Anne Arundel, Md	Apr. 22, 1955	4,725	P				
S	1	Great Plains Refinery & Development	Rapid City, S. Dak	do	4,271	P				
L	8	Iron Mines Company of Venezuela	Venezuela, South America	May 2, 1955	4,000	P				
L	8	Etricon, Inc	Bridgewater, N. J	May 11, 1955	4,202	P				
L	6	St. Joseph Lead & Coal Co	Josephtown, Pa	May 16, 1955	84,961	P				
L	5	Texas Eastern Transmission Co	United States at large	do	75,391	P				
L	6	Cleveland Graphite Bronze Co	McConnelsville, Ohio	May 17, 1955	500	P				
S	1	Synthetic Mica Corp	Caldwell, N. J	May 18, 1955	208	P				
L	8	Sinclair Refining Co	Houston, Tex	May 23, 1955	16,600	P				
L	8	United States Steel Corp	Gary, Ind	do	21,500	P				
L	8	do	Chicago, Ill	do	15,000	P				
L	8	Pacific Gas & Electric Co	Northcaster, Calif	do	1,240	P				
S	3	Big Tankers Corp	United States at large	May 24, 1945	73,800	P				
L	8	United States Steel Corp	Lorain Work, Ohio	May 26, 1955	11,260	P				
L	8	do	Youngstown, Ohio	do	10,530	P				
L	6	Virginia Electric & Power Co	Virginia at large	June 1, 1955	35,400	P				
L	7	Mallory-Sharon Titanium Corp	Weathersfield, Ohio	June 3, 1955	14,521	P				
L	8	United States Steel Corp	Birmingham, Ala	June 14, 1955	14,000	P				
L	8	Bendix Aviation Corp	Davenport, Iowa	June 19, 1955	173	P				
S	4	Haloid Co	Webster, N. Y	do	848	P				
L	8	Bethlehem Steel Corp	United States at large	June 13, 1955	2,600	P				
L	8	Denver & Rio Grande Western	Utah at large	do	105	P				
L	8	United States Steel Corp	Mesabi Range, Minn	do	5,550	P				
L	5	Southwestern Gas & Electric Co	Mooringsport, La	do	11,411	P				
L	6	High Voltage Engineering Corp	Burlington, Mass	do	967	P				
S	1	Henry Pascale	Norfolk County, Va	June 14, 1955	30	P				
S	3	Cross Co	Clinton, Mich	June 17, 1955	4,000	P				
L	8	Phillips Petroleum Co	Kansas City, Kans	June 20, 1955	5,400	P				
S	1	Empire Tool Products, Inc	Garden City, N. Y	do	18	P				
L	8	Westinghouse Electric Corp	Pittsburgh, Pa	June 21, 1955	5,185	P				
L	4	Aetha-Standard Engineering Co	Elwood City, Pa	June 23, 1955	919	P				

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
L	7	Riverside Metal Co	Riverside, N. J	June 24, 1955	$2,138	P				
L	8	Hughes Aircraft Co	Los Angeles, Calif	do	511	P				
L	8	National Distillers Products Corp	Ashtabula, Ohio	June 28, 1955	2,050	P				
L	6	Cleveland Cliffs Iron Co	Negaunee, Mich	June 29, 1955	32,000	P				
L	8	Phillips Petroleum Co	Sweeney, Tex	July 5, 1955	8,809	P				
L	8	Bendix Aviation Corp	Baltimore, Md	July 6, 1955	1,121	P				
S	1	American Agile Corp	Maple Heights, Ohio	July 5, 1955	145	P				
L	8	American Airlines, Inc	Los Angeles, Calif	do	3,670	P				
L	8	Wallingford Steel Co	Wallingford, Conn	July 7, 1955	2,150	P				
L	8	Southern Ry. Co	Atlanta, Ga	July 8, 1955	15,000	P				
L	8	Northrop Aircraft, Inc	Hawthorne, Calif	July 11, 1955	200	P				
L	8	Shell Chemical Corp	Deer Park, Tex	Aug. 30, 1954	4,900	X		Dec. 29, 1955		
L	6	Norton Co	Hobbs Island, Ala	Dec. 6, 1954	1,283	X		Aug. 3, 1955		
L	8	United States Steel Corp	Youngstown, Ohio	Jan. 12, 1955	2,867	X		Feb. 3, 1956		
L	7	Continental Carbon Co	Hobbs, N. Mex	Jan. 14, 1955	1,261	X		Sept. 14, 1955		
S	1	Furane Plastics, Inc	Los Angeles, Calif	Feb. 1, 1955	12	X		Jan. 6, 1956		
L	8	Jones & Laughlin Steel Corp	Pittshurgh, Pa	Mar. 16, 1955	6,839	X		Nov. 21, 1955		
L	8	Inland Steel Co	Indiana at large	Apr. 4, 1955	4,040	X		Nov. 3, 1955		
L	8	United States Steel Corp	Morrisville, Pa	Apr. 6, 1955	390,75	X		Dec. 29, 1955		
L	8	do	Geneva, Utah	May 2, 1955	15,260	X		Jan. 6, 1956		
L	8	do	Duquesne, Pa	May 5, 1955	75,568	X		Dec. 29, 1955		
L	8	do	Gary, Ind	May 12, 1955	6,800	X		Jan. 6, 1956		
L	5	Lion Oil Co	El Dorado, Ark	May 23, 1955	160	X		Sept. 14, 1955		
L	8	United States Steel Corp	Geneva Works, Utah	May 25, 1955	15,500	X		do		
L	8	do	Lorain, Ohio	May 27, 1955	4,008	X		Jan. 6, 1956		
L	8	do	Morrisville, Pa	do	12,000	X		Dec. 29, 1955		
L	8	do	Homestead, Pa	June 3, 1955	6,819	X		Jan. 6, 1956		
L	8	do	do	June 14, 1955	6,000	X		Feb. 3, 1956		
S	1	Heresite & Chemical Co	Manitowoc, Wis	June 3, 1955	60	X		July 21, 1955		
S	3	Ohio Ferro-Alloys Corp	Philo, Ohio	June 9, 1955	985	X		Dec. 29, 1955		
L	8	United States Steel Corp	Chicago, Ill	do	4,017	X		Feb. 3, 1956		
L	8	Sun Oil Co	Marcus Hook, Pa	June 13, 1955	260	X		Nov. 21, 1955		
L	8	Bendix Aviation Corp	Eatontown, N. J	do	450	X		Aug. 3, 1955		
L	8	United States Steel Corp	Munhall, Pa	June 17, 1955	1,845	X		Feb. 3, 1956		
L	3	Pacific States Cast Iron Pipe	Provo, Utah	June 20, 1955	1,880	X		Nov. 3, 1955		
S	1	Pipe Coupling Manufactures, Inc	Pattons Run, Ohio	June 22, 1955	92	X		do		
S	1	Colonial Engineering Co., Inc	Springfield, Mass	do	132	X		Aug. 3, 1955		
L	5	Luon Oil Co	Luling, La	June 24, 1955	700	X		Nov. 21, 1955		
L	7	Pittsburgh Steel Co	Monessen, Pa	June 22, 1955	5,000	X		do		
L	7	do	do	June 24, 1955	1,440	X		do		
L	8	Armco Steel Corp	Middletown, Ohio	July 5, 1955	38,961	X		Nov. 3, 1955		

U	U	V. Brian and LI. Brian	Providence, R. I	do	275	X		July 21, 1955			
L	4	Twin Disc Clutch Co	Rockford, Ill	July 11, 1955	486	X		do			
L	4	Laclede Christy Co	Missouri at large	do	3,038	X		do			
L	4	do	Clearfield County, Pa	do	558	X		do			
L	5	Union Tank Car Co	United States at large	July 8, 1955	561	X		Nov. 21, 1955			
S	1	Shenandoah Gas Co	do	Aug. 1, 1952	970	C	$960	Oct. 10, 1955	$24	25	
L	8	Panhandle Eastern Pipe Line Co	do	Dec. 23, 1953	5,064	C	5,060	Oct. 6, 1955	1,265	25	
L	4	Trunkline Gas Co	do	Dec. 28, 1953	23,152	C	22,704	Dec. 13, 1955	5,668	25	
S	1	Rold-Rite Metal Products Co., Inc	Genoa, Ohio	do	59	C	59	Feb. 23, 1956	39	65	
L	8	American Louisiana Pipe Line	United States at large	Mar. 10, 1954	126,459	C	125,304	Aug. 5, 1955	31,326	25	
L		Michigan Consolidated Gas Co	Michigan at large	Mar. 31, 1954	19,351	C	19,330	do	6,571	34	
L	5	Hooker Electrochemical Co	Niagara Falls, N. Y	Jul. 2, 1954	750	C	329	Sep. 29, 1955	112	34	
L	7	Continental Oil Co	Washington County, Colo	Aug. 16, 1954	2,007	C	1,918	Mar. 5, 1956	1,159	60	
L	5	National Airlines, Inc	United States at large	Sep. 23, 1954	1,200	C	1,200	Oct. 4, 1955	960	80	
L	7	United Air Lines, Inc	do	Oct. 20, 1954	23,519	C	23,519	Oct. 6, 1955	18,815	80	
L	8	Dow Chemical Co	Midland, Mich	Oct. 25, 1954	1,465	C	1,425	Sep. 15, 1955	665	47	
L	5	National Airlines, Inc	United States at large	do	1,200	C	1,200	Oct. 4, 1955	960	80	
L	8	Gulf, Colorado & Sante Fe Ry	do	Nov. 19, 1954	7,713	C	557	Jan. 26, 1956	223	40	
U		Greater Valley Terminal Corp	Pennsyuken, N. J	do	256	C	256	Oct. 6, 1955	102	40	
L	8	Lockheed Aircraft Corp	Van Nuys, Calif	Dec. 13, 1954	281	C	279	Aug. 15, 1955	181	65	
L	6	Northwest Airlines, Inc	United States at large	Dec. 20, 1954	4,688	C	4,688	Oct. 4, 1955	3,750	80	
S	1	Prex Forgings Corp	Chicago, Ill	Dec. 22, 1955	2,534	C	2,232	Aug. 5, 1955	1,339	60	
S	1	Plattsburg Terminal Corp	Plattsburg City, N. Y	Dec. 27, 1954	585	C	585	Nov. 9, 1955	380	65	
L	8	Douglas Aircraft Co., Inc	Santa Monica, Calif	Jan. 3, 1955	344	C	305	Aug. 5, 1955	198	65	
L	8	American Airlines, Inc	United States at large	Jan. 6, 1955	4,650	C	4,650	Oct. 4, 1955	3,720	80	
L	8	do	do	do	9,552	C	9,552	Oct. 6, 1955	7,642	80	
S	1	Aviation Fuels Co	Beaumont, Tex	Jan. 10, 1955	24,800	C	24,070	Aug. 10, 1955	18,081	75	
L	8	Chesapeake & Ohio Ry. Co	United States at large	Jan. 17, 1955	210	C	210	Dec. 12, 1955	84	40	
S	1	Onyx Refining Co	Jones County, Tex	Jan. 20, 1955	276	C	133	Feb. 23, 1956	41	31	
L	8	Tide Water Associated Oil Co	Delaware City, Del	Jan. 27, 1955	7,200	C	7,200	Aug. 10, 1955	6,748	93	
L	8	do	do	do	108,000	C	100,070	do	54,382	54	
L	8	Chesapeake & Ohio RR. Co	United States at large	do	273	C	273	Dec. 8, 1955	109	40	
L	8	Bethlehem Steel Co	Baltimore County, Md	Jan. 28, 1955	22,000	C	22,000	Dec. 13, 1955	6,600	30	
L	6	Ex-Cell-O Corp	Lima, Ohio	Feb. 15, 1955	129	C	129	July 26, 1955	52	40	
L	5	Sunray Oil Corp	Acadia Parish, La	Feb. 17, 1955	1,934	C	1,344	Oct. 10, 1955	833	62	
L	5	Warren Petroleum Corp	Lovington, N. Mex	do	1,772	C	1,713	Nov. 15, 1955	1,080	61	
S	2	Thos. J. Morans Sons, Inc	New Orleans, La	Feb. 23, 1955	1,000	C	1,000	Dec. 6, 1955	600	60	
L	7	Motorola, Inc	Phoenix, Ariz	Feb. 24, 1955	47	C	29	Aug. 5, 1955	17	60	
L	*8	Bethlehem Limestone Co	Cambria County, Pa	Mar. 1, 1955	630	C	630	Nov. 25, 1955	158	25	
L	8	do	Revloct, Pa	do	265	C	265	do	119	45	
S	1	Midwestern Instrument, Inc	Tulsa County, Okla	Mar. 4, 1955	1,004	C	973	———4, 1955	730	75	
L	8	Boeing Airplane Co	Seattle, Wash	Mar. 7, 1955	350	C	350	Nov. 8, 1955	210	60	
L	5	Maryland Drydock Co	Baltimore, Md	Mar. 9, 1955	258	C	258	Sept. 8, 1955	167	65	
L	5	W. L. Maxson Corp	New York City, N. Y	do	63	C	60	Nov. 8, 1955	39	65	
L	8	Pontiac Eastern Corp	State of Mississippi	Mar. 10, 1955	18,692	C	18,100	Jan. 13, 1956	11,385	63	
L	6	Bell Aircraft Corp	Whastfield, N. Y	Mar. 11, 1955	134	C	133	Sept. 8, 1955	86	65	
L	5	Kearfott Co., Inc	Little Falls, N. J	Mar. 15, 1955	119	C	119	July 21, 1955	77	65	
L	8	Bendix Aviation Corp	North Hollywood, Calif	Mar. 21, 1955	925	C	925	Nov. 29, 1955	370	40	
L	5	Liberty Products Corp	Farmingdale, N. Y	do	173	C	173	Nov. 8, 1955	78	45	
L	8	Bethlehem Steel Co	Washington Co., Pa	Mar. 23, 1955	800	C	150	Nov. 25, 1955	68	45	
L	4	M & N Transportation Co., Inc	Newark, N. J	do	247	C	225	Nov. 8, 1955	135	60	

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
S	3	Temco Aircraft Corp	Garland, Tex	Mar. 25, 1955	$550	C	$550	July 26, 1955	$330	60
L	6	Ryan Aeronautical Co	San Diego, Calif	Mar. 28, 1955	140	C	140	Sept. 8, 1955	84	60
L	8	Western Electric Co., Inc	Winston-Salem, N. C	Mar. 30, 1955	520	C	510	July 21, 1955	331	65
L	8	do	do	do	53	C	53	do	34	65
L	8	do	Greensboro, N. C	do	21	C	19	do	12	65
L	8	do	Burlington, N. C	do	6	C	6	do	4	65
L	5	Solar Aircraft Co	San Diego, Calif	do	453	C	453	Nov. 9, 1955	204	45
L	6	American Machine & Foundry Co	Buffalo, N. Y	Mar. 31, 1955	38	C	38	Aug. 22, 1955	25	65
L	8	Lockheed Aircraft Corp	Van Nuys, Calif	Apr. 1, 1955	447	C	433	Mar. 5, 1956	281	65
L	3	Moynahan Bronze Co	Flat Rock, Mich	Apr. 5, 1955	244	C	20	Aug. 1, 1955	13	65
L	7	Olin Mathieson Chemical Corp	Kentucky at large	Apr. 6, 1955	1,660	C	1,660	Dec. 20, 1955	1,366	82
L	7	General Aniline & Film Corp	Rensselaer, N. Y	Apr. 5, 1955	287	C	287	Aug. 22, 1955	186	65
L	8	National Distillers Products Corp	Cincinnati, Ohio	Apr. 6, 1955	498	C	471	Aug. 15, 1955	236	50
L	7	North Electric Manufacturing Co	Galion, Ohio	Apr. 11, 1955	470	C	470	Sept. 19, 1955	188	40
S	1	J. W. Rex Co	Lansdale, Pa	Apr. 13, 1955	475	C	453	Sept. 8, 1955	181	40
L	8	Bakelite Co	Piscataway, N. Y	Apr. 14, 1955	8,750	C	8,750	Nov. 8, 1955	3,937	45
L	8	Chesapeake & Ohio Ry. Co	Grand Blanc, Mich	Apr. 15, 1955	442	C	442	do	177	40
S	1	Southern Coast Corp	Texas at large	do	565	C	563	Nov. 9, 1955	451	80
S	1	Silver Eagle Co	Portland, Oreg	Apr. 19, 1955	150	C	150	July 19, 1955	90	60
S	2	Trifari, Krussman & Fishel	Providence, R. I	Apr. 21, 1955	91	C	87	July 14, 1955	61	70
L	5	Pheoll Manufacturing Co	Chicago, Ill	Apr. 22, 1955	130	C	130	July 26, 1955	84	65
S	1	Bisorove Realty Company of Auburn	Utica, N. Y	Apr. 25, 1955	107	C	100	Aug. 10, 1955	60	60
	1	O. Hommel Co	Carnegie, Pa	do	364	C	360	Dec. 6, 1955	180	50
S	2	Southwest Airmotive Equipment	Dallas, Tex	do	580	C	580	Sept. 19, 1955	348	60
L	8	Beech Aircraft Corp	Kansas at large	Apr. 26, 1955	142	C	123	July 26, 1955	81	65
L	4	Texas Gas Transmission Corp	United States at large	Apr. 28, 1955	20,072	C	20,009	Mar. 5, 1956	5,002	25
L	8	Pacific Gas & Electric Co	North Sacramento, Calif	do	511	C	511	Oct. 6, 1955	128	25
U		Southwestern States Telephone	Jacksonville, Ark	Apr. 29, 1955	129	C	129	July 19, 1955	84	65
L	3	Smith Oil & Refining Co	West of Rock, Ill	do	225	C	215	Nov. 25, 1955	86	40
L	5	Illinois Terminal RR. Co	United States at large	do	119	C	119	Oct. 28, 1955	48	40
L	6	West Virginia Coal & Coke Corp	do	May 2, 1955	1,975	C	1,975	Aug. 11, 1955	1,382	70
L	5	Kearfott Co., Inc	Van Nuys, Calif	do	24	C	24	Aug. 5, 1955	16	65
L	6	Capital Airlines, Inc	United States at large	May 3, 1955	64,175	C	64,175	Mar. 12, 1956	51,340	80
S	2	R. H. Freitag Manufacturing Co	Akron, Ohio	May 4, 1955	202	C	202	Sept. 8, 1955	142	70
L	5	Dallas Power & Light Co	Dallas, Tex	May 16, 1955	13,100	C	13,100	Nov. 9, 1955	8,515	65
L	8	Koppers Co., Inc	Kobute, Pa	do	1,618	C	1,618	Aug. 5, 1955	728	45
L	8	Chicago, Rock Island, Pacific RR. Co	United States at large	May 9, 1955	337	C	337	Oct. 28, 1955	135	40
L	5	Utah Oil Refining Co	Salt Lake City, Utah	do	2,538	C	2,538	Oct. 6, 1955	1,540	61
L	8	Lockheed Aircraft Corp	Van Nuys, Calif	do	271	C	263	Mar. 5, 1956	171	65
L	6	Island Creek Fuel & Transport	Kenova, W. Va	do	378	C	334	Nov. 29, 1955	171	41
L	8	Sun Oil Co	Jacksonville, Fla	May 10, 1955	267	C	267	Oct. 6, 1955	107	40

L	8	----do----	Fort Lauderdale, Fla	----do----	179	C	179	----do----	72	40
L	4	Parker Appliance Co	Berea, Ky	----do----	142	C	142	Oct. 27, 1955	86	60
S	1	Parker Airfract Co	Los Angeles, Calif	----do----	223	C	221	Sept. 8, 1955	155	70
S	1	All American Engineering Co	Wilmington, Del	May 6, 1955	187	C	155	Nov. 29, 1955	85	55
S	1	New England Portland Cement	Rockland, Maine	May 11, 1955	13, 500	C	13, 500	June 24, 1955	6, 075	45
L	5	Public Service Company of New Hampshire	Portsmouth, N. H	May 10, 1955	7, 000	C	7, 000	Nov. 25, 1955	4, 550	65
L	5	Emeraid Coal & Coke Co	Clarksville, Pa	May 11, 1955	580	C	554	Aug. 5, 1955	360	65
L	6	Houston Lighting & Power Co	Pasadena, Tex	----do----	17, 785	C	16, 284	Oct. 14, 1955	8, 956	55
L	7	Southern California Edison Co	Chatsworth, Calif	----do----	234	C	234	Aug. 15, 1955	152	65
	7	----do----	Los Angeles, Calif	----do----	1, 070	C	980	Oct. 14. 1955	539	55
L	4	Union Transfer Co	Omaha, Nebr	----do----	137	C	99	Nov. 8, 1955	59	59
S	4	Petrolite Corp	El Paso, Tex	----do----	22	C	22	Oct. 6. 1955	14	65
S	1	Hennis Freight Lines, Inc	Winston-Salem, N. C	May 12, 1955	150	C	150	Nov. 25, 1955	90	60
L	8	Boston Edison Co	Boston, Mass	----do----	1, 706	C	1, 706	July 14. 1955	1, 109	65
L	8	----do----	Lexington, Mass	----do----	415	C	415	----do----	269	65
L	5	Carolina Power & Light Co	Moncure, N. C	----do----	17, 925	C	17, 803	July 21, 1955	11, 571	65
L	8	Stanmount Pipe Line Co	United States at large	----do----	3, 011	C	2, 909	July 19, 1955	769	26
S	1	American Non-Gran Bronze Co	Berwyn, Pa	----do----	12	C	12	----do----	9	70
L	5	Ashland Oil & Refining Co	Catlettsbury. Ky	----do----	5, 500	C	5, 500	Dec. 20, 1955	3, 285	60
L	8	Niagara Mohawk Power Corp	United States at large	----do----	1, 393	C	1, 354	July 19. 1955	542	40
L	6	Florida Power & Light Co	East Palatka, Fla	----do----	9, 800	C	9, 800	July 14, 1955	4, 410	45
L	8	The Texas Co	Oklahoma City, Okla	May 13. 1955	161	C	161	July 19. 1955	65	40
S	1	Universal Wire Die Co	Cranford, N. J	----do----	6	C	6	Jan. 26. 1956	3	45
L	8	Phillips Petroleum Co	Estor County, Tex	----do----	163	C	163	Jan. 13. 1956	71	43
S	1	Heavy Minerals Co	Chattanooga, Tex	May 16. 1955	3, 415	C	3, 371	Aug. 5. 1955	2, 191	65
L	6	Oklahoma Gas & Electric Co	Muskogee County, Okla	----do----	17. 460	C	17. 445	July 14. 1955	11, 339	65
L	5	Westeru Light & Telephone Co	Great Bond, Kans	----do----	2, 830	C	2, 830	July 19, 1955	1, 840	65
L	8	Pacific Gas & Electric Co	Fresno County, Calif	----do----	378	C	378	Oct. 6, 1955	95	25
L	8	----do----	California at large	----do----	132, 100	C	132, 100	July 14, 1955	46, 235	35
L	8	Butte Pipe Linc Co	United States at large	----do----	18, 400	C	18, 122	Dec. 20, 1955	4, 574	25
L	8	Northwestern Pacific RR. Co	Burdell, Calif	----do----	31	C	31	Oct. 27. 1955	12	40
L	------	Kansas Gas Electric Co	Wichita, Kans	----do----	13, 283	C	13, 283	Oct. 14. 1955	8, 634	65
L	7	Terminal Railroad Association of St. Louis	St. Louis, Mo	----do----	880	C	880	July 19. 1955	484	55
L	8	Chicago, Rock Island & Pacific RR. Co	United States at large	----do----	775	C	775	July 21. 1955	576	74
L	5	Western Massachusetts Electrical Co	Springfield, Mass	----do----	1, 210	C	1, 210	Aug. 1, 1955	484	40
L	5	Southwestern Public Service Co	Hobbs Town, N. Mex	----do----	9, 045	C	9, 036	July 14, 1955	5, 874	65
U	------	Alaska-British Columbia Transport	Seattle, Wash	----do----	350	C	350	July 26, 1955	210	60
L	8	Curtiss-Wright Corp	Wood-Ridge, N. J	May 17, 1955	662	C	325	Sept. 23. 1955	211	65
U	------	South Jerscy Terminal Corp	Pennsauken, N. J	----do----	750	C	750	Oct. 6, 1955	300	40
L	7	Motorola. Inc	Phoenix, Ariz	----do----	1, 398	C	1, 333	Feb. 7. 1955	667	50
S	3	Illinois Gear & Machine Co	Chicago, Ill	----do----	207	C	207	Dec. 27. 1955	145	70
L	8	Phillips Petroleum Co	Andrews County, Tex	May 18. 1955	611	C	611	----do----	244	40
L	5	Delta Air Lines, Inc	United States at large	May 17 1955	2, 000	C	2, 000	Mar. 12, 1956	1, 600	80
S	1	River Oil Co	Caruthersville. Mo	May 18, 1955	98	C	98	Nov. 25. 1955	39	40
L	6	Florida Power Corp	Ellaville, Fla	----do----	9, 474	C	6, 806	July 14, 1955	3, 062	45
L	6	----do----	Pinellas Couuty, Fla	----do----	1, 320	C	1, 262	Oct. 14, 1955	568	45
L	6	Braniff Airways, Inc	United States at large	----do----	19, 271	C	19, 271	Oct. 4, 1955	15, 417	80
L	8	Pennsylvania RR. Co	----do----	----do----	1, 150	C	1, 150	July 19, 1955	920	80
U	------	Roberta Transport Co	----do----	May 16, 1955	400	C	400	July 26. 1955	240	60
S	3	Delaware Power & Light Co	Sussex County, Del	May 19, 1955	19, 030	C	19, 030	July 14, 1955	11, 418	60
S	1	Applied Scienec Corporation of Princeton	Princeton Junction, N. J	----do----	85	C	85	July 26. 1955	38	45

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
U		Sioux City—New Orleans Barge	United States at large	May 19, 1955	$160	C	$160	July 26, 1955	$112	70
L	8	Bendix Aviation Corp	Towson, Md	do	23	C	23	Aug. 1, 1955	15	65
L	8	Baltimore & Ohio RR. Co	United States at large	May 20, 1955	107	C	107	Oct. 31, 9155	91	85
L	7	Western Maryland Ry. Co	Baltimore, Md	May 26, 1955	350	C	350	Dec. 27, 1955	175	50
L	6	Robbins Engineering Co	Highland Park, Mich	May 20, 1955	11	C	11	Aug. 1, 1955	7	65
L	8	St. Louis-San Francisco RR. Co	Capleville, Tenn	do	9, 110	C	8, 515	Oct. 20, 1955	3, 406	40
L	2	H. T. Smith Express Co., Inc	Wallenford, Conn	do	362	C	345	Dec. 20, 1955	104	30
L	8	Delaware & Hudson RR. Corp	United States at large	May 23, 1955	740	C	740	July 21, 1955	629	85
L	5	Holley Carburetor Co	Warren, Mich	do	2, 200	C	2, 111	Aug. 11, 1955	950	45
L	8	Magnolia Petroleum Co	Hull, Tex	do	420	C	420	Oct. 6, 1955	168	40
L	8	Diamond Alkali Co	Painesville, Ohio	do	80	C	80	Sept. 8, 1955	32	40
L	8	United Aircraft Corp	East Hartford, Conn	do	954	C	954	July 26, 1955	525	55
L	8	Bessemer & Lake Erie RR. Co	United States at large	do	150	C	150	Nov. 1, 1955	128	85
L	6	Virginia Electric & Power Co	Yorktown, Va	do	750	C	650	Oct. 6, 1955	422	65
L	6	do	do	do	23, 800	C	23, 440	do	15, 236	65
L	2	North American Compress & Warehouse Co	Brownsville, Tex	do	175	C	175	Nov. 8, 1955	70	40
L	5	Monsanto Chemical Co	Champagnelle, Ark	do	335	C	335	do	202	60
L	6	Sunray Mid-Continent Oil Co	San Patricio, Tex	May 24, 1955	3, 516	C	3, 510	Oct. 6, 1955	2, 174	62
L	8	Glenn L. Martin Co	Middle River, Md	do	1, 498	C	1, 498	Aug. 22, 1955	1, 198	80
L	4	J. S. Thorn Co	Philadelphia, Pa	do	1, 209	C	1, 209	Sept. 19, 1955	846	70
L	8	New York Central RR. Co	United States at large	do	792	C	792	Oct. 31, 1955	587	74
L	8	Northrop Aircraft, Inc	Hawthorne, Calif	May 25, 1955	85	C	85	Aug. 1, 1955	55	65
U		Virginia Ferry Corp	Virginia at large	do	668	C	668	do	334	50
L	8	Sun Oil Co	Marcus Hook, Pa	do	962	C	962	Sept. 29, 1955	385	40
L	8	do	Toledo, Ohio	do	332	C	332	Oct. 20, 1955	133	40
L	5	Norfolk Southern Ry. Co	United States at large	May 26, 1955	308	C	308	Oct. 28, 1955	169	55
S	1	Mines Development, Inc	Edgemont, S. Dak	do	1, 781	C	1, 690	Sept. 23, 1955	1, 352	80
L	8	Kelsey-Hayes Wheel Co	Jackson, Mich	do	750	C	750	Jan. 19, 1956	300	40
U		Apple Barge Lines, Inc	United States at large	do	500	C	500	July 14, 1955	350	70
L	7	Southern California Edison Co	Fresno County, Calif	do	2, 600	C	2, 600	do	1, 690	65
L	8	Esso Standard Oil Co	Sorrento, La	do	1, 005	C	980	Oct. 6, 1955	392	40
L	8	Chesapeake & Ohio Ry. Co	Russell, Ky	May 27, 1955	333	C	333	Oct. 28, 1955	166	50
L	5	Ohio Match Co	Huetter, Idaho	do	352	C	352	do	88	25
L	4	Buckeye Pipe Line Co	United States at large	do	1, 154	C	1, 154	Oct. 6, 1955	288	25
L	8	Keystone Pipe Line Co	Swarthmore, Pa	do	156	C	153	Oct. 10, 1955	38	25
L	5	Central Maine Power Co	Yarmouth, Maine	do	23, 696	C	23, 555	Oct. 18, 1955	13, 540	57
L	7	Olin Mathieson Chemical Corp	Huttig, Ark	do	540	C	540	Oct. 28, 1955	135	25
L	8	Goodyear Aircraft Corp	Litchfield Park, Ariz	do	67	C	67	Aug. 5, 1955	44	65
L	8	United States Steel Corp	Alpheus, W. Va	do	12, 000	C	12, 000	Oct. 20, 1955	4, 200	35
S	1	Wyatt, Inc	Hamden, Conn	do	804	C	780	Dec. 12, 1955	312	40
L	8	Standard Oil Co	Kansas at large	do	1, 254	C	728	Jan. 19, 1956	255	35

L	8	Union RR. Co	United States at large	May 31, 1955	700	C	700	Oct. 31, 1955	595	85
S	1	Hydraulic Research and Manufacturing Co	Burbank, Calif	do	11	C	11	Aug. 5, 1955	8	70
L	5	Wilcox Trend Catering System	United States at large	do	2,967	C	2,79.3	Dec. 12, 1955	1,117	40
L	8	Southern Ry. Co	do	June 1, 1955	10,500	C	10,500	Oct. 31, 1955	8,925	85
L	7	Eastern Air Lines, Inc	do	do	23,539	C	22,100	Mar. 12, 1956	17,680	80
L	6	Ex-Cell-O Corp	Highland Park, Mich	May 31, 1955	146	C	146	Sept. 8, 1955	95	65
L	8	Chicago & Eastern Illinois RR	Joppa, Ill	June 1, 1955	15	C	15	Oct. 28, 1955	6	40
L	6	Texas Power & Light Co	Cherokee County, Tex	do	18,460	C	18,460	Oct. 18, 1955	11,999	65
L	6	do	Houston County, Tex	do	6,320	C	6,173	do	4,012	65
L	8	Tide Water Associated Oil Co	Avon, Calif	June 2, 1955	25,000	C	24,045	Dec. 6, 1955	1,437	60
S	1	Lowderriver Pipeline, Inc	Billings, Mont	do	1,200	C	1,165	Oct. 4, 1955	297	26
S	4	Mississippi Power Co	Harrison County, Miss	do	13,877	C	13,696	Oct. 18, 1955	4,794	35
L	7	United Air Lines, Inc	United States at large	do	51,395	C	51,395	Mar. 12, 1956	41,116	80
L	8	United States Steel Corp	Contra Costa, Calif	do	14,390	C		Jan. 27, 1956		
S	1	Rare Metals Corporation of America	Washington County, Idaho	do	253	C	253	Aug. 5, 1955	203	80
S	1	Harder Tug & Barge Co	United States at large	do	175	C	175	Aug. 1, 1955	105	60
S	1	Tog Valiant, Inc	do	do	100	C	85	do	51	60
S	1	Harbor Tug & Barge Co	do	do	135	C	135	do	94	70
S	1	do	do	do	135	C	135	do	94	70
S	1	do	do	do	135	C	135	Aug. 10, 1955	94	70
S	1	do	do	do	135	C	135	do	94	70
S	1	do	do	do	135	C	135	do	94	70
S	1	do	do	do	135	C	135	do	94	70
L	5	Southwestern Public Service Co	Texas at large	June 3, 1955	940	C	940	Aug. 15, 1955	517	55
L	8	Shell Oil Co	West Boylston, Mass	do	117	C	117	Nov. 9, 1955	47	40
L	8	Missouri-Kansas-Texas RR. Co	United States at large	do	235	C	235	Oct. 31, 1955	200	85
L	8	Ann Arbor RR. Co	do	do	87	C	87	do	74	85
L	8	Wabash RR. Co	do	do	737	C	737	do	627	85
L	6	Kansas City Power & Light Co	Henry County, Mo	June 6, 1955	27,375	C	26,775	July 26, 1955	17,404	65
L	8	Detroit, Toledo & Ironton RR	United States at large	do	440	C	440	Oct. 31, 1955	374	85
S	4	Texas Instruments, Inc	Dallas, Tex	do	96	C	96	Nov. 9, 1955	67	70
L	8	Southern Pacific RR. Co	Yuma, Ariz	do	159	C	159	Oct. 28, 1955	64	40
L	8	Oliver Corp	York, Pa	do	114	C	114	Sept. 9, 1955	74	65
L	8	Louisville & Nashville RR. Co	United States at large	do	1,100	C	1,100	Nov. 1, 1955	935	85
L	8	Southern Ry. Co	Sugar Valley, Ga	do	29	C	29	Oct. 28, 1955	11	40
L	8	Lockheed Aircraft Corp	Burbank, Calif	do	445	C	444	Mar. 5, 1956	289	65
L	8	Boeing Airplane Co	Seattle, Wash	do	734	C	734	Nov. 9, 1955	477	65
L	8	Carter Oil Co	Billings, Mont	do	1,797	C	1,797	Oct. 6, 1955	1,086	60
L	8	Chicago Power Co	Ravenswood, W. Va	June 7, 1955	191	C	191	Aug. 15, 1955	124	65
L	8	Appalachian Electric Power Co	do	do	206	C	206	do	134	65
L	8	United States Steel Corp	Contra Costa, Calif	do	860	C		Jan. 27, 1956		
L	5	Material Service Corp	United States at large	do	1,150	C	1,150	Aug. 10, 1955	805	70
L	8	General Precision Laboratory	Pleasantville, N. Y	do	275	C	275	Dec. 6, 1955	110	40
L	7	Fairchild Engine & Airplane	Hagerstown, Md	June 8, 1955	27	C	27	Aug. 5, 1955	16	60
S	1	Republic Tank Car Co	United States at large	do	140	C	140	Nov. 1, 1955	119	85
L	8	Chesapeake & Ohio RR. Co	do	do	9,000	C	9,000	Nov. 9, 1955	4,950	55
L	8	do	do	do	15,950	C	15,950	Nov. 29, 1955	13,558	85
S	1	Alaska Steamship Co	do	do	18,100	C	18,160	Oct. 18, 1955	10,860	60
L	8	United States Steel Corp	Dravosburg, Pa	June 9, 1955	6,684	C		Jan. 27, 1956		
S	1	Uranium Reduction Co	Noab, Utah	do	10,042	C	10,000	Sept. 8, 1955	8,000	80
L	8	Inland Steel Co	Crosby, Minn	do	613	C	468	Jan. 13, 1956	304	65

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
S	2	Perry Plastics, Inc	Millercek, Pa	Jan. 1, 1955	$175	C	$165	Sept. 15, 1955	$91	55
S	1	D. S. Kennedy & Co	Cohasset, Mass	do	140	C	140	Nov. 15, 1955	63	45
L	8	Atchison, Topeka & Santa Fe	United States at large	June 10, 1955	13,043	C	13,043	Nov. 1, 1955	10,434	80
L	8	do	do	do	2,775	C	2,775	do	2,359	85
L	7	Niagara Mohawk Power Corp	Oneida County, N. Y	do	228	C	224	Oct. 18, 1955	56	25
L	7	Rohr Aircraft Corp	Riverside, Calif	do	112	C	112	Jan. 23, 1956	73	65
L	6	Ex-Cell-O Corp	Lima, Ohio	do	45	C	45	Aug. 5, 1955	18	40
L	8	Curtiss-Wright Corp	Pennsylvania at large	June 13, 1955	1,750	C	1,247	Nov. 29, 1955	757	61
L	8	American Airlines	United States at large	June 10, 1955	72,796	C	72,796	Mar. 12, 1956	58,237	80
L	5	Union Tank Car Co	do	June 13, 1955	4,433	C	4,433	Oct. 6, 1955	3,768	85
L	4	West Virginia Coal & Coke Co	do	do	325	C	325	Aug. 10, 1955	195	60
U		do	do	do	1,590	C	1,590	Aug. 11, 1955	1,113	70
S	1	Mountain City Mill Co., Inc	do	do	420	C	420	do	294	70
S	2	Aurora Gasoline Co	State of Michigan	June 11, 1955	1,007	C	807	Oct. 10, 1955	245	30
L	1	Goliad Corp	Live Oak County, Tex	June 13, 1955	185	C	185	Mar. 15, 1956	120	65
L	8	Douglas Aircraft Co., Inc	Long Beach, Calif	do	44	C	38	Aug. 5, 1955	25	65
L	8	do	Santa Monica, Calif	do	533	C	490	Mar. 5, 1956	318	65
L	8	Baltimore & Ohio RR. Co	United States at large	June 10, 1955	848	C	848	Oct. 28, 1955	534	63
S	1	J. C. Carter Co	Costa Mesa, Calif	June 13, 1955	14	C	14	Aug. 22, 1955	10	70
L	8	Bendix Aviation Corp	Sidney, N. Y	do	367	C	367	Dec. 15, 1955	147	40
S	1	Air Transport Manufacturing Co	Los Angeles, Calif	do	16	C	16	Sept. 19, 1955	11	70
L	7	Public Service Co. of Colorado	Denver, Colo	do	19,000	C	19,000	Nov. 15, 1955	9,500	50
L	2	General Precision Laboratories	Pleasantville, N. Y	do	22	C	22	Sept. 23, 1955	15	70
L	8	Chicago, Rock Island & Pacific RR. Co	United States at large	June 14, 1955	279	C	279	Oct. 10, 1955	237	85
L	4	Buckeye Pipe Line Co	Wayne County, Mich	do	600	C	600	Mar. 13, 1956	150	25
S	1	Pacific Barging Co	San Francisco, Calif	do	600	C	600	Nov. 15, 1955	420	70
S	1	do	do	do	600	C	600	do	420	70
U		Keith Railway Equipment Co	United States at large	May 9, 1955	15	C	15	Oct. 6, 1955	13	85
L	8	Norfolk & Western Ry. Co	do	June 16, 1955	1,400	C	1,400	Feb. 29, 1956	770	55
L	8	do	do	do	3,600	C	3,600	Oct. 10, 1956	3,060	85
S	1	Kenyon Instrument Co., Inc	Huntington, N. Y	June 15, 1955	15	C	15	Aug. 22, 1955	10	70
L	8	Bell Aircraft Corp	Wheatfield, N. Y	June 14, 1955	177	C	176	Dec. 8, 1955	114	65
L	8	North American Car Corp	United States at large	June 16, 1955	225	C	225	Oct. 10, 1955	191	85
L	6	Kansas City Southern Ry. Co	do	do	1,450	C	900	Mar. 13, 1956	720	80
L	5	Sundstrand Machine Tool Co	Rockford, Ill	do	281	C	281	Sept. 29, 1955	126	45
L	8	Bethlehem Steel Co	Johnstown, Pa	June 17, 1955	1,900	C	1,400	Nov 22. 1955	700	50
L	8	Monsanto Chemical Co	St. Louis, Mo	do	250	C	250	Oct. 28, 1955	112	45
L	8	Chesapeake & Ohio Rwy. Co	West Virginia at large	do	160	C	160	Mar. 15, 1956	64	40
U		Atlas Towing Co	United States at large	June 16, 1955	490	C	490	Aug. 11, 1955	328	67
L	8	Erie RR. Co	do	June 17, 1955	214	C	214	Oct. 28, 1955	150	70
L	8	Youngstown Sheet & Tube Co	East Chicago, Ind	do	6,862	C		Jan. 27, 1956		

L	8	Illinois Terminal RR. Co	United States at large	do	1,411	C	1,411	Mar. 15, 1956	776	55
L	7	Badger Pipe Line Co	Peru, Ill	do	139	C	139	Mar. 8, 1956	35	25
S	4	Levingston Shipbuilding Co	Orange, Tex	do	160	C	160	Oct. 27, 1955	104	65
L	8	Denver & Rio Grande Western RR. Co	Denver, Colo	June 20, 1955	51	C	51	Oct. 6, 1955	21	40
L	7	Georgia Power Co	Newman, Ga	do	19,671	C	19,637	Oct. 18, 1955	6,873	35
L	8	Douglas Aircraft Co., Inc	El Segundo, Calif	do	42	C	36	Aug. 22, 1955	24	65
L	8	Louisiana & Ark. Ry. Co	United States at large	do	1,950	C	1,950	Nov. 22, 1955	1,658	85
L	8	Chicago & North Western Ry. Co	do	do	8,942	C	8,942	Dec. 8, 1955	7,484	84
L	8	Louisiana & Arkansas Ry. Co	do	do	750	C	562	Jan. 6, 1956	478	85
S	2	Pacific Mercury Television Manufacturing Co	Joplin, Mo	do	310	C	302	Sept. 15, 1955	196	65
L	8	Texas Co	Casper, Wyo	do	3,600	C	3,600	Dec. 27, 1955	2,169	60
L	8	New York Central RR. Co	United States at large	June 21, 1955	5,211	C	5,211	Mar. 15, 1956	2,085	40
L	8	Republic Steel Corp	Canton, Ohio	June 22, 1955	2,700	C	2,700	Oct. 28, 1955	2,430	90
L	8	Bell Aircraft Corp	Wheatfield, N. Y	June 23, 1955	15	C	15	Sept. 19, 1955	9	60
S	1	Steuart Transportation Co	Wilmington, Del	June 24, 1955	444	C	444	Aug. 11, 1955	266	60
L	8	Texas Co	Cleveland, Ohio	do	143	C	143	Mar. 13, 1956	57	40
L	8	Curtiss-Wright Corp	Wood-Ridge, N. J	do	225	C	225	Dec. 8, 1955	135	60
S	1	Marine Transport Co	United States at large	June 27, 1955	475	C	475	Oct. 28, 1955	332	70
L	5	Warren Petroleum Corp	do	June 24, 1955	310	C	310	Aug. 11, 1955	217	70
L	8	Ohio Barge Line, Inc	do	June 27, 1955	738	C	738	do	517	70
L	8	Beech Aircraft Corp	State of Kansas	do	157	C	155	Oct. 31, 1955	101	65
S	1	C. W. Harper & F. Harper	State of Maryland	do	104	C	104	Oct. 28, 1955	73	70
S	1	Ware Industries, Inc	Ware, Mass	do	159	C		Jan. 27, 1956		
L	7	Western Maryland Ry. Co	United States at large	do	1,999	C	1,290	Oct. 18, 1955	1,096	85
L	8	Shell Oil Co	Aberdeen, Wash	do	144	C	144	Mar. 13, 1956	57	40
L	8	do	Detroit, Mich	do	120	C	120	Mar. 13, 1955	48	40
L	8	United Aircraft Corp	Hartford, Conn	do	1,712	C	1,712	Sept. 15, 1955	1,113	65
L	8	Great Northern Ry. Co	United States at large	do	200	C	200	Oct. 10, 1955	170	85
L	7	Consumers Power Co	Hampton, Mich	do	18,960	C	18,960	Oct. 18, 1955	7,584	40
S	3	Lord Manufacturing Co	Erie, Pa	June 28, 1955	99	C	99	Aug. 22, 1955	70	70
L	8	McDonnell Aircraft Corp	St. Louis, Mo	do	4,177	C	4,177	Oct. 27, 1955	2,506	60
L	8	do	do	do	1,920	C	1,920	Oct. 31, 1955	1,171	61
L	8	do	do	June 24, 1955	55	C	55	Sept. 15, 1955	33	60
L	8	do	do	June 28, 1955	98	C	98	Oct. 4, 1955	98	100
L	8	Southern Pacific Co	United States at large	do	13,334	C	13,334	Oct. 10, 1955	11,334	85
L	8	St. Louis Southwestern Ry. Co	do	June 23, 1955	4,239	C	4,239	do	3,604	85
L	8	Baltimore & Ohio RR. Co	do	June 28, 1955	1,091	C	715	Dec. 9, 1955	608	85
L	8	do	do	do	2,181	C	1,431	Nov. 9, 1955	1,216	85
L	7	Pennsylvania Power & Light Co	Pennsylvania at large	do	2,966	C	2,951	Oct. 20, 1955	1,918	65
S	1	City Point Oil Co	Hopewell, Va	do	90	C	90	Mar. 15, 1956	36	40
L	6	Cincinnati Gas & Electric Co	United States at large	June 29, 1955	23,343	C	23,343	Oct. 18, 1955	15,173	65
L	6	Public Service Company of Indiana, Inc	New Albany, Ind	do	31,922	C	31,922	Nov. 25, 1955	11,173	35
L	6	Chicago Great Western Ry. Co	United States at large	do	425	C	425	Nov. 15, 1955	361	85
L	4	Petrolite Corp	Port Arthur, Tex	do	73	C	73	Mar. 9, 1956	48	65
L	8	United States Steel Corp	Mesabi, Minn	do	1,560	C	1,560	Aug. 15, 1955	1,170	75
L	5	Delaware Power & Light Co	Delaware City, Del	do	22,716	C	22,716	Nov. 22, 1955	11,358	50
L	5	Kerfott Co., Inc	Little Falls, N. J	do	48	C	47	Aug. 5, 1955	30	65
L	5	Interstate Oil Pipe Line Co	United States at large	do	534	C	534	Mar. 15, 1956	134	25
L	8	Boston & Maine RR	do	do	9,358	C	9,358	Feb. 14, 1956	7,403	79
S	1	Rare Metals Corp	Tuba City, Ariz	July 1, 1955	2,354	C	2,354	Sept. 29, 1955	1,883	80
L	4	Farrand Optical Co., Inc	New York, N. Y	do	52	C	37	Sept. 23, 1955	24	65

TABLE No. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
L	7	General American Transport Corp	Sharon, Pa	July 1, 1955	$5,727	C	5,727	Nov. 15, 1955	$4,868	85
L	8	Lockhead Aireraft Corp	Burbank, Calif	do	$492	C	492	Mar. 5, 1956	320	65
L	8	Bendix Aviation Corp	Hollywood, Calif	do	83	C	83	Sept. 19, 1955	54	65
L	8	Shell Oil Co	Zionsville, Ind	July 5, 1955	245	C	245	Mar. 13, 1956	98	40
L	8	Goodyear Aircraft Corp	Akron, Ohio	do	2,250	C	2,250	Dec. 8, 1955	900	40
L	8	do	Litchfield Park, Ariz	do	115	C	115	Jan. 6, 1956	46	40
L	8	New York Central RR. Co	United States at largo	do	9,602	C	9,602	Feb. 27, 1956	5,281	55
L	8	Phillips Chemical Co	Sweeney, Tex	do	13,835	C	12,537	Jan. 19, 1956	7,851	63
S	1	Cooperative Refinery Association	Coffeyville, Kans	July 6, 1955	4,120	C	4,060	Dec. 20, 1955	2,586	64
S	1	Rural Natural Gas Co	United States at large	July 5, 1955	85	C	85	Nov. 9, 1955	72	85
S	3	Hobart Bros. Co	Winter Beach, Fla	do	200	C	200	Nov. 8, 1955	130	65
L	8	Bendix Aviation Corp	Towson, Md	July 6, 1955	1,712	C	1,712	Jan. 31, 1956	685	40
S	2	Cornelius Co	Minneapolis, Minn	June 30, 1955	44	C	44	Oct. 31, 1955	31	70
S	4	Fenwal Inc	Ashland, Mass	July 5, 1955	32	C	15	Dec. 20, 1955	10	70
L	8	Pure Oil Co	Smiths Bluffs, Tex	July 6, 1955	5432	C	5,432	Dec. 20, 1955	3352	62
L	7	Western Pacific RR. Co	United States at large	July 7, 1955	525	C	525	Nov. 15, 1955	446	85
L	8	Norfolk & Western Ry. Co	do	do	11,970	C	11,970	do	10,174	85
L	8	Glenn L. Martin Co	Baltimore, Md	July 6, 1955	47	C	47	Aug. 22, 1955	31	65
L	8	Western Fruit Express Co	United States at large	July 7, 1955	1,200	C	1,200	Nov. 15, 1955	1,020	85
L	5	Republic Oil Refining Co	Tampa, Fla	do	212	C	212	Dec. 9, 1955	138	65
L	8	Pennsylvania RR. Co	United States at large	do	9,692	C	9,692	Nov. 15, 1955	8,238	85
L	8	Seaboard Air Line RR. Board	do	do	10,715	C	10,715	do	9,108	85
L	6	Chicago Heights Terminal Transfer RR. Co	do	do	850	C	850	Dec. 27, 1955	722	85
L	8	Southern Ry. Co	do	July 8, 1955	1,840	C	1,840	Jan. 6, 1956	1,564	85
L	8	do	do	do	12,075	C	12,075	do	10,264	85
L	6	Atlas Powder Co	Reynolds, Pa	do	28	C	28	Aug. 15, 1955	16	55
L	8	Chicago Great Western Ry. Co	United States at large	do	800	C	800	Nov. 25, 1955	680	85
L	8	Baltimore & Ohio RR. Co	do	do	1,600	C	1,600	Nov. 15, 1955	1,360	85
L	8	American Oil Company of Texas	Texas City, Tex	do	406	C	406	Jan. 13, 1956	249	61
L	8	Atchison, Topeka & Santa Fe RR. Co	United States at large	do	20,700	C	20,700	Dec. 9, 1955	17,595	85
L	5	Union Tank Car Co	do	July 11, 1955	4,319	C	4,319	Nov. 22, 1955	3,671	85
L	8	Ann Arbor RR. Co	do	do	690	C	690	Nov. 15, 1955	586	85
L	8	Wabash RR. Co	do	do	5,731	C	5,731	Nov. 22, 1955	4,872	85
L	8	American Can Co	New York. N. Y	do	225	C	225	Aug. 22, 1955	135	60
L	8	American Airlines, Inc	United States at large	July 7, 1955	20,596	C	20,596	Mar. 12, 1956	16,477	80
L	8	Chicago Great Western Ry. Co	do	July 11, 1955	110	C	110	Nov. 15, 1955	94	85
L	6	Chicago Heights Terminal Transfer RR. Co	do	do	1,000	C	1,000	Jan. 6, 1956	850	85
L	8	Inspiration Consolidated Copper Co	Inspiration, Ariz	July 12, 1955	5,316	C	5,316	Sept. 19, 1955	3,987	75
L	5	Union Tank Car Co	United States at large	July 11, 1955	4,840	C	4,840	Jan. 6, 1956	4,114	85
L	5	do	do	do	3,920	C	3,920	Jan. 19, 1956	3,332	85
L	5	do	do	July 8, 1955	3,180	C	3,180	Feb. 7, 1956	2,703	85

S	1	Oscar Perry	Seattle, Wash	do	16	C	16	Aug. 22, 1955	11	70
L	8	Bell Aircraft Corp	Fort Worth, Tex	do	9	C	9	Sept. 8, 1955	6	65
L	8	Union Pacific RR. Co	United States at large	July 12, 1955	7,300	C	7,300	Nov. 15, 1955	6,205	85
L	8	do	do	do	625	C	625	Nov. 22, 1955	531	85
L	3	Kearfott Manufacturing Corp	Newark, N. Y	July 11, 1955	106	C	106	Oct. 28, 1955	69	65
L	8	Inland Corp	United States at large	July 15, 1955	3,881	C	3,881	Mar. 13, 1956	970	25
L	8	The Standard Oil Company of Ohio	Trumbull County, Ohio	July 12, 1955	1,366	C	1,212	Mar. 15, 1956	369	30
L	5	Kearfott Co., Inc	Little Falls, N. J	do	70	C	70	Aug. 5, 1955	45	65
L	8	Atlantic Coast Line RR. Co	United States at large	July 13, 1955	5,047	C	5,047	Nov. 22, 1955	4,290	85
L	8	do	do	do	1,800	C	1,800	Nov. 15, 1955	1,530	85
L	8	do	do	do	700	C	700	do	595	85
L	7	Continental Oil Co	Billings, Mont	July 12, 1955	996	C	996	Jan. 19, 1956	625	63
L	7	Revere Copper & Brass, Inc	Detroit, Mich	Nov. 18, 1952	1,967	D		Jan. 27, 1956		
L	7	do	Los Angeles, Calif	do	1,918	D		do		
S	2	Mississippi Aluminum Corp	Gulfport, Miss	Jan. 13, 1953	2,119	D		do		
L	5	William Powell Co	Cincinnati, Ohio	Nov. 2, 1953	71	D		Mar. 20, 1956		
S	1	McNally Gear Co., Inc	Grantsburg, Wis	Dec. 23, 1953	29	D		do		
S	1	Cook Towing Co., Inc	United States at large	Mar. 26, 1954	400	D		Feb. 7, 1956		
L	8	Standard Pipeline Co	do	May 11, 1954	22,603	D		Jau. 9, 1956		
S	1	Ar-Mex Pipeline Co., Inc	do	June 29, 1954	31,650	D		Mar. 20, 1956		
L	8	Standard Pipeline Co	do	Aug. 20, 1954	17,525	D		Jan 9. 1956		
S	3	Citizens Utilities Co	Yucca Flat, Ariz	Aug. 25, 1954	27	D		Nov. 17, 1955		
S	3	Citizens Utilities Company of California	Sacramento County, Calif	do	130	D		Dec. 8, 1955		
S	3	do	Rio Vista, Calif	Sept. 3, 1954	15	D		Nov. 10, 1955		
S	3	do	Greenville, Calif	do	133	D		Sept. 26, 1955		
L	8	Jones & Laughlin Steel Corp	Aliquippa, Pa	Dec. 20, 1954	722	D		Jan. 18, 1956		
L	8	Republic Steel Corp	Massillon, Ohio	Dec. 23, 1954	16,021	D		Aug. 22, 1955		
L	8	do	Canton, Ohio	do	7,220	D		Oct. 12, 1955		
L	8	Douglas Aircraft Co., Inc	Culver City, Calif	Dec. 27, 1954	3,664	D		Sept. 26, 1955		
L	8	United States Steel Corp	Lindon, Utah	Jan. 5, 1955	6,740	D		Nov. 10, 1955		
L	8	Bethlehem Steel Co	Johnston, Pa	Jan. 14, 1955	1,518	D		Aug. 22, 1955		
L	8	Lockheed Aircraft Corp	Los Angeles, Calif	Jan. 18, 1955	1,910	D		Sept. 26, 1955		
S	3	A. Finkl & Sons Co	Chicago, Ill	Jan. 24, 1955	109	D		Aug. 22, 1955		
L	7	Continental Carbon Co	United States at large	Jan. 28, 1955	406	D		Aug. 17, 1955		
L	8	Youngstown Sheet & Tube Co	East Chicago, Ind	Feb. 1, 1955	35,750	D		Dec. 1, 1955		
L	7	Fairchild Engine & Airplane	St. Augustine, Fla	Feb. 8, 1955	769	D		Nov. 4, 1955		
S	1	Mayflower Pipe Line System	Bourne, Mass	Feb. 21, 1955	14,191	D		Jan. 27, 1956		
L	7	Western Pacific RR. Co	United States at large	Feb. 24, 1955	1,266	D		Dec. 8, 1955		
L	8	Bethlehem Steel Co	Bethlehem, Pa	Feb. 25, 1955	1,877	D		Aug. 22, 1955		
L	8	Southern Ry. Co	North Carolina at large	Feb. 28, 1955	194	D		Nov. 14, 1955		
S	1	Rocky Mountain Drilling Co	Ventura, Calif	do	75	D		Jan. 9, 1956		
L	8	Bethlehem Steel Co	Sparrows Point, Md	Mar. 1, 1955	52,400	D		Jan. 27, 1956		
L	8	Sinclair Refining Co	Marcus Hook, Pa	Mar. 7, 1955	12,700	D		Aug. 22, 1955		
L	8	Reading Co	Pennsylvania at large	Mar. 14, 1955	266	D		Nov. 17, 1955		
L	8	Nashville, Chattanooga & St. Louis Ry	Estill Spring, Tenn	Mar. 17, 1955	324	D		Oct. 24, 1955		
L	8	New York. New Haven & Hartford RR	Bridgeport, Conn	do	2,600	D		Feb. 7, 1956		
L	8	Jones & Laughlin Steel Corp	Aliquippa, Pa	Mar. 18, 1955	12,586	D		Dec. 8, 1955		
L	8	Vickers, Inc	Birmingham, Mich	Mar. 24, 1955	2,200	D		Oct. 12, 1955		
L	6	American Machine & Foundry Co	Brooklyn, N. Y	Mar. 31, 1955	182	D		Jan. 9, 1956		
L	8	United States Steel Corp	McKeesport, Pa	Apr. 18, 1955	3,096	D		Dec. 21, 1955		
S	1	United States Metals Refining Co	Carteret, N. J	Apr. 20, 1955	154	D		Nov. 4, 1955		

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
L	7	Hercules Powder Co	Franklin, Va	Apr. 22, 1955	$3,845	D		Sept. 26, 1955		
U		Superior Forwarding Co	Little Rock, Ark	do	333	D		Nov. 4, 1955		
L	8	Western Empire Steel Corp	Oakley, Calif	Apr. 26, 1955	136,000	D		Dec. 1, 1955		
L	8	Bethlehem Steel Co	Baltimore, Md	Apr. 27, 1955	995	D		Aug. 22, 1955		
L	8	Texas Co	Los Angeles, Calif	do	2,270	D		Mar. 6, 1956		
L	8	United States Steel Corp	Clairton, Pa	May 2, 1955	10,040	D		Dec. 21, 1955		
L	8	Westinghouse Electric Corp	Harmarville, Pa	May 10, 1955	375	D		Sept. 12, 1955		
L	7	Southern California Edison Co	El Segundo, Calif	May 11, 1955	19,666	D		July 28, 1955		
L	7	do	Long Beach, Calif	do	45,000	D		do		
L	3	Watson-Stillman Co	St. Louis, Mo	do	200	D		Sept. 12, 1955		
L	8	Public Service Electric & Gas Co	Linden, N. J	do	104,192	D		July 28, 1955		
S	1	Hardwick Aircraft Co	El Monte, Calif	May 12, 1955	12	D		Jan. 27, 1956		
L	8	Boston Edison Co	Boston, Mass	do	3,420	D		Aug. 17, 1955		
L	8	Detroit Edison Co	River Rouge, Mich	May 13, 1955	35,900	D		July 28, 1955		
L	8	Shell Oil Co	Dear Park, Tex	May 16, 1955	980	D		Oct. 24, 1955		
L	6	Long Island Lighting Co	Long Island, N. Y	do	36,227	D		Aug. 17, 1955		
L	8	Sinclair Refining Co	Marcus Rock, Pa	May 17, 1955	3,800	D		Mar. 6, 1956		
S	4	Connecticut Light & Power Co	Milford, Conn	May 20, 1955	21,430	D		July 28, 1955		
L	8	United States Steel Corp	Morrisville, Pa	do	34,391	D		Dec. 21, 1955		
S	1	Great Coastal Express, Inc	New Jersey at large	do	150	D		Mar. 6, 1956		
L	8	United States Steel Corp	Birmingham, Ala	May 23, 1955	50,000	D		Jan. 27, 1956		
U		H. F. Pihl & G. E. Guyan	Bemidji, Minn	do	45	D		July 28, 1955		
L	8	Standard Oil Company of Ohio	Warrensville, Ohio	do	2,000	D		Sept. 12, 1955		
L	8	Los Angeles & Salt Lake RR. Co	Los Angeles, Calif	May 24, 1955	98	D		Aug. 17, 1955		
L	8	Sinclair Pipe Line Co	United States at large	May 25, 1955	1,023	D		Oct. 24, 1955		
L	8	Inland Steel Co	Indian Harbor, Ind	May 27, 1955	16,431	D		Jan. 9, 1956		
L	8	Goodyear Aircraft Corp	Akron, Ohio	do	388	D		Nov. 4, 1955		
L	8	Southern Pacific RR. Co	Sudden, Calif	May 31, 1955	275	D		Dec. 1, 1955		
L	8	Goodyear Tire & Rubber Co	Topeka, Kans	do	134	D		Oct. 24, 1955		
L	3	Angelina County Lumber Co	Kaltys, Tex	do	261	D		Dec. 1, 1955		
L	1	Acheson Texas Corp	Orange County, Tex	do	375	D				
L	8	Texas Co	Los Angeles, Calif	do	2,250	D		Mar. 6, 1950		
L	7	General Dynamics Corp	Groton, Conn	June 2, 1955	878	D		Dec. 27, 1955		
L	8	Universal Atlas Cement Co	Fairhorn, Ohio	June 3, 1955	2,477	D		Aug. 17, 1955		
L	8	do	Hudson, N. Y	do	5,000	D		do		
S	1	Roth Bros. Metal Co., Inc	DeWitt, N. Y	June 6, 1955	202	D		do		
L	8	Kaiser Aluminum & Chemical Co	Chalmette, La	June 7, 1955	1,366	D		Nov. 4, 1955		
S	3	Citizens Utilities Co	Nogales, Ariz	June 8, 1955	375	D		Feb. 17, 1950		
L	8	Youngstown Sheet & Tube Co	East Chicago, Ind	June 9, 1955	15,000	D		Aug. 22, 1955		
L	8	do	do	do	44,350	D		Dec. 15, 1955		
L	8	Jones & Laughlin Steel Corp	Pittsburgh, Pa	do	10,118	D		Oct. 25, 1955		

L	8	Jones & Laughlin Steel Corp	Aliquippa, Pa	do	$1,959	D		Dec. 1, 1955		
L	8	Goodyear Tire & Rubber Co	Los Angeles, Calif	June 9, 1955	510	D		Oct. 24, 1955		
L	8	do	Topeka, Kans	do	400	D		do		
L	8	do	Akron, Ohio	do	306	D		do		
L	8	do	Jackson, Mich	do	124	D		do		
L	8	do	Gadsden, Ala	do	390	D		do		
L	8	Illinois Central RR. Co	Wickliffe, Ky	June 10, 1955	75	D		Dec. 1, 1955		
S	1	Tank Barge 18, Inc	San Francisco, Calif	do	425	D		Oct. 25, 1955		
L	8	Kansas City, Mexico & Orient	Texas at large	June 18, 1955	1,423	D		Jan. 9, 1956		
L	8	Gulf Oil Corp	Port Arthur, Tex	June 10, 1955	7,543	D		Mar. 6, 1956		
L	8	Tapoco, Inc	State of Tennessee	do	13,000	D		Dec. 19, 1955		
L	8	Kaiser Aluminum & Chemical Co	Oakland, Calif	June 13, 1955	50,000	D		Oct. 12, 1955		
L		do	Tacoma, Wash	do	2,100	D		do		
L	8	do	Oakland, Calif	do	52,000	D		do		
L	8	United States Steel Corp	Contra Costa, Calif	do	10,200	D		Dec. 21, 1955		
L	8	Republic Steel Corp	Alahama City, Ala	do	31,295	D		Nov. 10, 1955		
L	8	Southern Ry. Co	Clayton, Ga	do	100	D		Nov. 21, 1955		
L	8	Niagara Mohank Power Corp	Ogdenburg, N. Y	do	159	D		Aug. 22, 1955		
L	5	Western Massachusetts Electric Co	West Springfield, Mass	do	17,969	D		Nov. 14, 1955		
L	8	Norfolk & Western Ry. Co	Welch, W. Va	June 16, 1955	260	D		Nov. 17, 1955		
L	8	Atlantic Refining Co	Philadelphia, Pa	do	132	D		Dec. 1, 1955		
L	8	Phillips Petrolcum Co	Carvin County, Okla	do	2,512	D		Nov. 21, 1955		
L	8	do	Oklahoma County, Okla	do	519	D		do		
L	5	Texas, East Penn-Jersey Transport Corp	Pennsylvania at large	do	2,836	D		Nov. 17, 1955		
L	5	Texas Eastern Transport Corp	New Jersey at large	do	2,596	D		do		
L	8	United States Steel Corp	Vandcrgrift, Pa	June 17, 1955	46,800	D		Nov. 4, 1955		
L	8	Revere Copper & Brass, Inc	Newport, Ark	do	517	D		Aug. 22, 1955		
L	8	do	Brooklyn, N. Y	do	48	D		do		
L	8	Jones & Laughlin Steel Corp	Aliquippa, La	do	59,200	D		Dec. 8, 1955		
L	5	Central Illinois Light Co	Peoria, Ill	June 20, 1955	17,724	D		Aug. 22, 1955		
L	8	Union Pacific RR. Co	Cheyenne, Wyo	do	63	D		Oct. 25, 1955		
L	8	Chicago, Great Western Ry. Co	United States at large	do	70	D		Nov. 17, 1955		
L	4	Merchants Refrigeration Co	Vinita Park, Mo	June 21, 1955	2,412	D		Nov. 8, 1955		
L	8	New York Central RR. Co	United States at large	do	491	D		Nov. 4, 1955		
L	3	Wood Terminal Co	Chicago, Ill	June 22, 1955	590	D		Nov. 21, 1955		
L	8	New Orleans & Northeast RR. Co	Slidell, Ala	do	48	D		Nov. 17, 1955		
L	8	National Lead Co	Corpus Christi, Tex	do	35	D		Aug. 22, 1955		
L	8	Republic Steel Corp	Massillon, Ohio	do	2,400	D		Nov. 17, 1955		
L	8	Wabash Railroad Co	United States at large	June 23, 1955	769	D		Nov. 21, 1955		
L	8	Chesapeake & Ohio Ry. Co	do	do	205	D		Oct. 25, 1955		
S	1	Southland Oil Corp	Savannah, Ga	do	185	D		Nov. 8, 1955		
L	5	Lion Oil Co	Luling, Ga	June 24, 1955	300	D		Aug. 17, 1955		
L	8	Pennsylvania RR. Co	United States at large	do	9,400	D		Oct. 24, 1955		
L	8	Georgia, Florida & Alabama RR. Co	Attapulgus, Ga	do	33	D		Nov. 17, 1955		
L	7	Central of Georgia Ry. Co	United States at large	do	1,017	D		do		
L	8	Chesapeake & Ohio Ry. Co	Toledo, Ohio	June 27, 1955	94	D		Nov. 14, 1955		
L	8	do	United States at large	do	9,000	D		Dec. 1, 1955		
L	8	Universal Atlas Cement Co	Duluth, Min	do	2,000	D		Aug. 17, 1955		
L	8	Virginian Ry. Co	United States at large	June 28, 1955	13	D		Nov. 14, 1955		
S	1	D. H. Overmyer Warehouse Co	Tampa, Fla	do	259	D		Nov. 21, 1955		
L	7	Sharon Steel Corp	Farrell, Pa	June 29, 1955	14,000	D		Nov. 10, 1955		

TABLE NO. 1.—*Disposition of applications for tax amortization which were pending in July of 1955*—Continued

Size symbol	Firm size	Name	Location of facility	Date of application	Amount of application	Status	Amount certified	Date certified	Amount amortized	Percent
					Thousands		*Thousands*		*Thousands*	
L	5	Schering Corp	Bloomfield, N. J	June 29, 1955	$1,300	D		Oct. 12, 1955		
L	8	National Lead Co	Potosi, Mo	June 30, 1955	155	D		Dec. 1, 1955		
L	3	Martin Oil Service, Inc	United States at large	do	254	D		Nov. 14, 1955		
L	8	Northern Pacific Building	do	July 1, 1955	283	D		Dec. 2, 1955		
L	8	Gulf, Mobile & Ohio RR. Co	do	do	84	D		Nov. 17, 1955		
L	8	Northern Pacific Ry. Co	Phosphate, Mont	do	481	D		Nov. 21, 1955		
S	1	Terminal Transfer Co	Ferrysburg, Mich	do	80	D		Oct. 25, 1955		
L	8	Gulf Refining Co	Knoxville, Tenn	do	521	D		Nov. 10, 1955		
S	1	J. Kenny Transfer, Inc	Pittsburgh, Pa	July 5, 1955	152	D		Nov. 14, 1955		
L	8	Southern Pacific RR. Co	Tucson, Ariz	do	59	D		Nov. 17, 1955		
L	8	Southern Pacific Co	Springfield, Oreg	do	91	D		do		
L	2	Transcontinental Gas Pipe Line Corp	United States at large	do	3,426	D		do		
L	8	Texas Co	Lubbock, Tex	do	310	D		do		
S	1	Broughton Lumber Co	Cook, Wash	do	198	D		Dec. 1, 1955		
S	1	W. R. Arthur & Co., Inc	Janesville, Wis	do	87	D		Nov. 14, 1955		
S	1	Buckingham Terminals, Inc	Hennepin County, Minn	July 6, 1955	384	D		Dec. 1, 1955		
L	8	Norfolk & Western Ry. Co	Roanoke, Va	July 7, 1955	2,506	D		Dec. 15, 1955		
L	8	Chicago & East Illinois RR. Co	Karpak, Ill	do	68	D		Dec. 21, 1955		
S	1	Mid South Chemical Corp	United States at large	do	400	D		Dec. 2, 1955		
L	7	Western Pacific RR. Co	do	do	1,488	D		Jan. 9, 1956		
L	8	Seaboard Air Line RR. Co	do	do	1,629	D		do		
L	8	do	do	do	1,626	D		do		
L	8	American Smelting & Refining Co	Corpus Christi, Tex	Jul. 8, 1955	5,500	D		Sep. 12, 1955		
L	4	H. K. Porter Co., Inc	West Aliquippa, Pa	Jul. 7, 1955	796	D		Dec. 21, 1955		
L	5	Ashland Oil & Refining Co	Wellsville, Ohio	do	791	D		Nov. 17, 1955		
L	4	Pan American Southern Corp	Mobile, Ala	Jul. 8, 1955	288	D		do		
L	8	Atchison, Topeka & Santa Fe RR. Co	United States at large	do	7,900	D		Jan. 18, 1956		
S	2	Trans American Properties, Inc	Erie, Pa	do	176	D		Dec. 1, 1955		
L	8	Sun Oil Co	Newark, N. J	do	944	D		Nov. 10, 1955		
L	8	Sun Pipe Line Co	United States at large	do	4,300	D		Nov. 21, 1955		
L	8	Oregon-Washington Railroad & Navigation Co	Hinkle, Oreg	Jul. 11, 1955	215	D		Dec. 15, 1955		
S	1	Trail Terminals, Inc	Tampa, Fla	do	135	D		do		
L	8	Kaiser Aluminum & Chemical Corp	Mead, Wash	do	284	D		Oct. 12, 1955		
S	1	Wilson Transit Co	United States at large	do	245	D		Nov. 17, 1955		
S	1	Crounso Corp	do	do	862	D		Dec. 15, 1955		
L	8	Chicago Great Western Ry. Co	Roseport, Minn	do	164	D		Nov. 14, 1955		
L	8	do	St. Paul, Minn	do	1,210	D		Dec. 1, 1955		
L	8	Southern Ry. Co	United States at large	Jul. 12, 1955	10,450	D		Jan. 18, 1956		
L	8	Alabama Great Southern RR. Co	do	do	2,850	D		do		
L	8	Cincinnati, New Orlenas & Texas Pacific Ry. Co	do	do	3,800	D		do		
L	8	New Orleans & Northeast RR. Co	do	do	1,900	D		do		

L	8	New York, New Haven & Hartford RR. Co	do	do	$1,090	D		Nov. 21, 1955		
L	8	do	do	do	1,595	D		Dec. 1, 1955		
L	8	do	do	Jul. 11, 1955	1,154	D		Nov. 14, 1955		
L	8	Elgin, Joliet & Eastern Ry. Co	Indiana Harbor, Ind	Jul. 8, 1955	300	D		Dec. 1, 1955		
S	1	Mid South Chemical Corp	Clinton, Iowa	July 11, 1955	200	D		Aug. 17, 1955		
S	1	do	Quiney, Ill	do	200	D		do		
S	1	Tilgman Lumber Co	Sellers, S. C	do	132	D		Nov. 14, 1955		
S	2	Transamerican Properties, Inc	Dewitt, N. Y	July 12, 1955	184	D		Dec. 15, 1955		
S	1	Mid South Chemical Corp	Harlingen, Tex	July 11, 1955	200	D		Aug. 17, 1955		
S	1	do	Mount Vernon, Ind	do	200	D		do		
L	8	Texas & New Orleans Ry. Co	Houston, Tex	July 12, 1955	447	D		Dec. 1, 1955		
L	8	Phillips Petroleum Co	Andrews County, Tex	do	4,188	D		do		
L	8	do	do	do	664	D		do		
S	1	Dixie Cartgage Co., Inc	Louisville, Ky	do	1,325	D		Dec. 15, 1955		
L	8	Monsauto Chemical Co., National Researeh Corp		Aug. 18, 1953	22,700	W				
S	1	Powder River Pipeline Co., Inc	United States at large	Dec. 10, 1953	18,325	W				
S	1	Aero Metals Corporation of Nevada	Boulder City, Nev	Mar. 15, 1954	984	W				
L	5	Crude Oil Pipe Line, Inc	Montana at large	Apr. 2, 1954	15,472	W				
L	8	Sperry Corp	Great Neek, N. Y	May 17, 1954	346	W				
L	7	E. R. Squibb & Sons	New Brunswick, N. J	June 4, 1954	200	W				
L	8	Magnolia Petroleum Co	Harlingen, Tex	July 28, 1954	191	W				
S	2	Industrial Steel Container Co	St. Paul, Minn	Aug. 30, 1954	168	W				
L	8	Baltimore & Ohio RR. Co	United States at large	Nov. 23, 1954	125	W				
L	8	Magnolia Petroleum Co	St. Mary Parish, La	Jan. 10, 1955	2,945	W				
L	2	Hess Petroleum Corp	Plattsburg, N. H	Jan. 27, 1955	650	W				
L	7	Western Pacific RR. Co	Alameda County, Calif	Feb. 24, 1955	327	W				
L	8	Atlantic Refining Co	Philadelphia, Pa	Mar. 1, 1955	980	W				
L	8	do	Wilmington, N. C	Apr. 14, 1955	104	W				
L	8	Tide Water Associated Oil Co	Delaware City, Del	Apr. 29, 1955	20,000	W				
L	3	Trunkline Gas Co	Texas at large	May 3, 1955	618	W				
L	8	Phillips Chemical Co	Pasadena, Tex	May 13, 1955	1,700	W				
L	3	American Tent Co	Canton, Miss	June 9, 1955	204	W				
L	4	Trunkline Gas Co	Texas at large	June 14, 1955	94	W				
L	8	Southern Ry. Co	Charleston, S. C	June 20, 1955	559	W				
L	4	Trunkline Gas Co	United States at large	July 11, 1955	17,672	W				
L	8	American Can Corp	do	do	572	W				
		Total			4,488,064		1,706,210		979,476	

TABLE NO. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*

[In order to avoid duplication between this table and table 1, applications which were pending in July of 1955, and still pending on Mar. 21, 1956, are not included in this table; these applications are shown at the beginning of table 1]

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	8	2911	30051	Standard Oil Co., Ohio	Lima, Ohio	2	July 13, 1955	$950	P
L	8	2911	30052	do	do	2	do	570	P
L	8	2911	30053	do	Toledo, Ohio	2	do	250	P
L	8	2911	30057	Shell Oil Co	Roxanna, Ill	2	do	14,000	P
L	8	2911	30058	Phillips Petroleum Co	Phillips, Tex	2	do	6,317	P
L	8	1314	30059	do	Crane County, Tex	2	do	1,759	P
L	1	1314	30166	Goliad Corp	Lavaca County, Tex	2	July 20, 1955	900	P
P	5	2911	30338	Republic Oil Refining Co	Texas City, Tex	2	Aug. 4, 1955	175	P
P	5	2911	30339	do	do	2	do	560	P
L	8	2911	30368	Phillips Petroleum Co	Borger, Tex	2	Aug. 8, 1955	15,600	P
L	5	2911	30374	Ashland Oil & Refining Co	Ganton, Ohio	2	Aug. 9, 1955	1,900	P
L	5	2911	30375	Frontier Oil Refining Co	Tonawanda, N. Y	2	do	2,000	P
L	8	2911	30386	Standard Oil Company of Texas	El Paso, Tex	2	Aug. 10, 1955	1,191	P
L	8	2911	30392	Gulf Oil Corp	Philadelphia, Pa	2	Aug. 11, 1955	35,082	P
L	8	1314	30409	Magnolia Petroleum Co	Beaumont, Tex	2	Aug. 12, 1955	4,348	P
S	2	1494	30463	American Gilsonite Co	Grand Junction, Colo	2	Aug. 22, 1955	13,062	P
L	8	2911	30492	Standard Oil Co., Inc	Sugar Creek, Mo	2	Aug. 29, 1955	5,994	P
S	1	2911	30571	Petrolite Corp	Delaware, Del	2	Sept. 20, 1955	171	P
L	8	2911	30603	Gulf Oil Corp	Fort Arthur, Tex	2	Oct. 3, 1955	3,222	P
L	8	2911	30604	Pontiac Refining Corp	Corpus Christi, Tex	2	Oct. 4, 1955	1,983	P
L	8	2829	30606	Firestone Tire & Rubber Co	Lake Charles, La	2	do	16,452	P
L	8	2911	30610	Standard Oil Co. (Indiana)	Whiting, Ind	2	Oct. 5, 1955	19,589	P
S	2	2911	30618	Bankline Oil Co	Bakersfield, Calif	2	Oct. 6, 1955	1,962	P
L	8	2911	30626	Houdry Process Corp	Paulsboro, N. J	2	Oct. 7, 1955	151	P
S	2	2911	30627	Bankline Oil Co	Bakersfield, Calif	2	do	608	P
S	3	2911	30647	Cosden Petroleum Corp	Big Spring, Tex	2	Oct. 11, 1955	137	P
S	3	2911	30648	do	do	2	do	1,100	P
S	3	2911	30654	National Cooperative Refiners Association	McPherson, Kans	2	Oct. 13, 1955	1,400	P
S	2	2911	30659	Prize Oil Refining Co	Calumet City, Ill	2	Oct. 14, 1955	13,423	P
L	8	2911	30668	Cities Service Oil Co	Ponca City, Okla	2	Oct. 17, 1955	8,914	P
L	8	2911	30671	Salt Lake Refining Co	Salt Lake City, Utah	2	Oct. 18, 1955	250	P
L	8	2911	30674	Magnolia Petroleum Co	Neches River, Tex	2	Oct. 19, 1955	9,750	P
S	2	2911	30676	Petro-Tex Chemical Corp	Houston, Tex	2	Oct. 20, 1955	27,000	P
L	8	2911	30683	Standard Oil Co., (California)	Honolulu, T. H	2	Oct. 21, 1955	36,200	P
S	1	2911	30686	Sunshine State Refinery, Inc	Florida at large	2	Oct. 24, 1955	675	P
S	1	2911	30695	Westland Oil Co., Inc	Williston, N. Dak	2	Oct. 26, 1955	402	P
S	3	2911	30708	Cosden Petroleum Corp	Big Spring, Tex	2	Oct. 28, 1955	2,750	P
L	8	2911	30710	Gulf Oil Corp	Port Arthur, Tex	2	do	3,289	P

L	8	2911	30716	Phillips Chemical Co	Borger, Tex	2	Oct. 31, 1955	4,396	P
L	8	2911	30726	Esso Standard Oil Co	Linden, N. J	2	Nov. 2, 1955	7,575	P
L	8	2911	30731	Phillips Petroleum Co	Kansas City, Kans	2	Nov. 3, 1955	6,525	P
L	8	2911	30735	do	Sweeney, Tex	2	Nov. 4, 1955	33,500	P
S	1	2911	30736	Clark Oil & Refining Corp	Blue Island, Ill	2	do	6,145	P
L	8	5121	30753	Texas Co	Lockport, Ill	2	Nov. 8, 1955	550	P
S	2	2911	30772	New England Industries, Inc	Bellingham, Wash	2	Nov. 14, 1955	18,000	P
L	5	4613	30790	Freedom-Valvoline Oil Co	Columbus, Ohio	2	Nov. 16, 1955	348	P
L	8	2911	30791	Socony Mobile Oil Co., Inc	Buffalo, N. Y	2	Nov. 17, 1955	2,890	P
L	8	1314	30824	Gulf Oil Corp	Philadelphia, Pa	2	Nov. 23, 1955	605	P
S	2	2911	30839	Delhi-Taylor Oil Corp	Corpus Christi, Tex	2	Nov. 28, 1955	2,690	P
L	7	2911	30872	Continental Oil Co	Ponca City, Okla	2	Dec. 5, 1955	2,754	P
L	8	2911	30966	Magnolia Petroleum Co	Jeff Cox, Tex	2	Dec. 14, 1955	10,845	P
L	8	2911	30977	do	Beaumont, Tex	2	Dec. 16, 1955	2,873	P
L	8	2911	31013	Esso Standard Oil Co	Baton Rouge, La	2	Dec. 20, 1955	2,400	P
S	4	2911	31065	Petrolite Corp	Yorktown, Va	2	Dec. 27, 1955	37	P
L	7	2911	31081	Continental Oil Co	Artesia, N. Mex	2	do	525	P
L	2	1314	31104	El Paso Natural Gas Producing Co	Odessa, Tex	2	Dec. 29, 1955	11,300	P
S	1	2911	31105	Odessa Butadiene Co	do	2	do	19,215	P
L	3	2911	31178	Petroleum Chemicals Inc	Lake Charles, La	2	Jan. 5, 1956	4,361	P
L	8	2911	31224	California Oil Co	Perth Amboy, N. J	2	Jan. 20, 1956	1,260	P
L	8	2911	31236	Sun Oil Co	Marcus Hook, Pa	2	Jan. 27, 1956	500	P
L	8	2911	31238	Phillips Chemical Co	Borger, Tex	2	do	10,395	P
L	8	2911	31245	Cities Service Oil Co	Pampa, Tex	2	Jan. 30, 1956	438	P
S	1	5121	31246	Reserve Terminal Corp	Perth Amboy, N. J	2	do	580	P
S	1	5121	31252	Florida Peninsula Terminal Corp	Broward County, Fla	2	Jan. 31, 1956	250	P
S	1	5121	31253	do	do	2	do	300	P
L	8	2911	31257	California Oil Co	Perth Amboy, N. J	2	Feb. 2, 1956	325	P
L	8	2911	31263	Cities Service Oil Co	East Chicago, Ind	2	Feb. 6, 1956	2,488	P
L	8	2911	31268	Standard Oil Company of Texas	El Paso, Tex	2	Feb. 9, 1956	18,500	P
L	8	2911	31275	Esso Standard Oil Co	Everett, Mass	2	Feb. 10, 1956	4,775	P
L	1	5121	31277	Apex Oil Co	East Newark, N. J	2	do	275	P
S	2	2911	31284	Aurora Gasoline Co	Muskegon, Mich	2	Feb. 14, 1956	3,292	P
S	1	2911	31302	Lake Charles Chemical Corp	Lake Charles, La	2	Feb. 24, 1956	5,900	P
L	8	2911	31307	Standard Oil Co. (Ohio)		2	Feb. 28, 1956	58,107	P
L	5	5121	31310	Republic Oil Refining Co	Knoxville, Tenn	2	Feb. 29, 1956	102	P
S	1	2911	31332	Keystone Oil Refining Co	Detroit, Mich	2	Mar. 5, 1956	968	P
L	8	4612	31336	Pasotex Pipe Line Co	Texas at large	2	Mar. 6, 1956	7,081	P
S	1	4922	31341	Utah Gas Service Co	Utah at large	2	Mar. 7, 1956	510	P
S	1	2911	31347	Northwestern Refining Co	St. Paul Park, Minn	2	Mar. 12, 1956	4,333	P
L	8	2911	31350	Texas Co	Port Arthur, Tex	2	do	9,050	P
L	8	2911	31354	Atlantic Refining Co	do	2	Mar. 13, 1956	4,561	P
L	5	2911	31357	Ashland Oil & Refining Co	Findlay, Ohio	2	Mar. 15, 1956	2,224	P
L	4	2911	31358	Pan-Am Southern Corp	El Dorado, Ark	2	do	3,200	P
L	4	2911	31359	do	Destrahan, La	2	do	1,050	P
L	4	2911	31360	do	do	2	do	3,000	P
L	8	2911	31366	Cities Service Oil Co	East Chicago, Ind	2	Mar. 19, 1956	9,233	P
								738,492	
L	8	4911	30159	Pacific Gas & Electric Co	Eureka, Calif	4	July 19, 1955	529	P
L	8	4911	30552	do	Tuolumne City, Calif	4	Sept. 13, 1955	408	P
L	8	4911	30744	do	Sacramento, Calif	4	Nov. 7, 1955	435	P

TABLE NO. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	8	4911	30745	Pacific Gas & Electric Co	Oakland, Calif	4	Nov. 7, 1955	$60	P
L	8	4911	30746	do	North Contra Costa, Calif	4	do	525	P
L	8	4911	30774	do	California at large	4	Nov. 14, 1955	1,576	P
L	8	4911	30776	do	Monterey County, Calif	4	do	860	P
L	8	4911	30777	do	California at large	4	do	5,250	P
L	8	4911	30778	do	San Jose, Calif	4	do	2,692	P
L	8	4911	30780	do	Redwood, Calif	4	do	190	P
L	6	4911	30803	Illinois Power Co	Danville, Ill	4	Nov. 18, 1955	15,320	P
L	8	4911	30819	Pacific Gas & Electric Co	San Jose, Calif	4	Nov. 22, 1955	1,920	P
L	8	4911	30820	do	Fresno, Calif	4	do	200	P
L	8	4911	30846	do	California at large	4	Nov. 29, 1955	1,500	P
L	8	4911	30847	do	do	4	do	1,389	P
L	8	4911	30848	do	do	4	do	800	P
L	8	4911	30880	Indiana & Michigan Electric Co	Indiana at large	4	Dec. 6, 1955	1,323	P
L	8	4911	30881	do	do	4	do	651	P
L	8	4911	30884	Pacific Gas & Electric Co	San Francisco, Calif	4	do	1,750	P
L	8	4911	30885	do	California at large	4	do	1,500	P
L	8	4911	30886	do	Fresno County, Calif	4	do	1,420	P
L	8	4911	30887	do	Kern County, Calif	4	do	550	P
L	8	4911	30888	do	do	4	do	484	P
L	8	4911	30889	do	do	4	do	470	P
L	8	4911	30890	do	Alameda County, Calif	4	do	150	P
L	8	4911	30891	do	Maria County, Calif	4	do	320	P
L	8	4911	30892	do	Mendocino County, Calif	4	do	600	P
L	8	4911	30893	do	Monterey County, Calif	4	Dec. 6, 1955	720	P
L	8	4911	30894	do	Alamada County, Calif	4	do	2,400	P
L	7	4911	30922	Southern California Edison Co	Los Angeles County, Calif	4	Dec. 9, 1955	1,085	P
L	7	4911	30924	do	do	4	do	343	P
L	7	4911	30925	do	do	4	do	50	P
L	7	4911	30926	do	do	4	do	35	P
L	7	4911	30927	do	do	4	do	119	P
S	3	4911	30937	Central Louisiana Electric Co., Inc	Louisiana at largo	4	Dec. 12, 1955	479	P
L	6	4911	30941	Potomac Edison Co	Maryland at large	4	do	682	P
L	6	4911	30943	do	West Virginia at large	4	do	3,665	P
L	6	4911	30944	Virginia Electric & Power Co	Henrico County, Va	4	do	1,252	P
L	8	4911	30947	Pacific Gas & Electric Co	Shasta County, Calif	4	do	650	P
L	8	4911	30948	do	Fresno County, Calif	4	do	385	P
L	8	4911	30949	do	San Francisco County, Calif	4	do	331	P
L	8	4911	30950	do	Santa Barbara County, Calif	4	do	300	P
L	8	4911	30951	do	Merced County, Calif	4	do	200	P
L	8	4911	30954	Indiana & Michigan Electric Co	Indiana at large	4	Dec. 13, 1955	1,802	P

L	8	4911	30955	---do	---do	4	---do	736	P
L	8	4911	30978	Pacific Gas & Electric Co	Orland, Calif	4	Dec. 16, 1955	2,000	P
L	8	4911	30979	---do	Kern County, Calif	4	---do	300	P
L	8	4911	30980	---do	Fresno County, Calif	4	---do	275	P
L	7	4911	30997	Southern California Edison Co	Los Angeles County, Calif	4	Dec. 19, 1955	780	P
L	6	4911	31004	Florida Power Corp	Pinellas County, Fla	4	---do	1,826	P
L	7	4911	31005	Union Electric Company of Missouri	Missouri at large	4	---do	2,351	P
L	6	4911	31006	Florida Power Corp	Pinellas County, Fla	4	---do	1,928	P
L	7	4911	31014	Southern California Edison Co	Los Angeles City, Calif	4	Dec. 20, 1955	3,910	P
L	4	4911	31018	Indiana & Michigan Electric Co	Indiana at large	4	Dec. 21, 1955	701	P
L	4	4911	31019	---do	United States at large	4	---do	1,740	P
L	4	4911	31020	Ohio Power Co	Canton, Ohio	4	---do	300	P
L	4	4911	31021	---do	Ohio at large	4	---do	343	P
L	5	4911	31022	Potomac Edison Co	Williamsport, Md	4	---do	12,848	P
L	6	4911	31046	Monongahela Power Co	Webster County, W. Va	4	Dec. 22, 1955	171	P
L	8	4911	31055	Appalachian Electric Power Co	Virginia at large	4	Dec. 27, 1955	067	P
L	8	4911	31056	Ohio Power Co	Ohio at large	4	---do	533	P
L	5	4911	31059	Montana Power Co	Montana at large	4	---do	15,000	P
L	5	4911	31060	Pacific Power & Light Co	Clark County, Wash	4	Dec. 22, 1955	5,071	P
L	8	4911	31064	Niagara Mohawk Power Corp	Erie County, N. Y	4	Dec. 27, 1955	5,550	P
L	5	4911	31077	Central Power & Light Co	Texas at large	4	---do	1,710	P
L	6	4911	31084	West Penn Power Co	Breckenridge, Pa	4	---do	690	P
L	5	4911	31085	Central Power & Light Co	Hidalgo County, Tex	4	---do	8,513	P
L	5	4911	31089	Western Light & Telephone Co	Meade County, Kans	4	Dec. 29, 1955	401	P
L	5	4911	31093	Central Power & Light Co	Corpus Christi, Tex	4	Dec. 27, 1955	450	P
L	5	4911	31094	---do	Texas at large	4	---do	494	P
U		4911	31103	New England Power Co	Salem, Mass	4	Dec. 29, 1955	22,700	P
L	8	4911	31106	Niagara Mohawk Power Corp	Massena, N. Y	4	---do	604	P
L	6	4911	31107	West Penn Power Co	Latrobe, Pa	4	---do	475	P
L	5	4911	31109	Iowa-Illinois Gas & Electric Co	Illinois at large	4	---do	3,122	P
L	8	4911	31111	Public Service Electric & Gas Co	New Jersey at large	4	---do	9,700	P
L	6	4911	31125	Appalachian Electric Power Co	Scott County, Va	4	Dec. 30, 1955	702	P
L	8	4911	31126	Kingsport Utilities, Inc	Sullivan County, Tenn	4	---do	190	P
L	4	4911	31127	Ohio Power Co	Ohio at large	4	---do	474	P
L	6	4911	31128	Appalachian Electric Power Co	Wayne County, W. Va	4	---do	300	P
L	6	4911	31129	---do	Cabell County, W. Va	4	---do	150	P
L	8	4911	31130	Ohio Power Co	Allen County, Ohio	4	---do	288	P
L	8	4911	31131	Appalachian Electric Power Co	Virginia at large	4	---do	250	P
L	8	4911	31132	---do	West Virginia at large	4	---do	554	P
L	8	4911	31133	Ohio Power Co	Ohio at large	4	---do	120	P
L	8	4911	31134	---do	Muskingum County, Ohio	4	---do	464	P
L	8	4911	31135	---do	Ohio at large	4	---do	150	P
L	7	4911	31137	Commonwealth Edison Co	Lake County, Ill	4	---do	59,000	P
L	7	4911	31140	---do	Illinois at large	4	---do	12,500	P
L	5	4911	31142	Western Light & Telegraph Co., Inc	Kansas at large	4	---do	300	P
L	8	4911	31149	Niagara Mohawk Power Corp	Erie County, N. Y	4	---do	627	P
S	1	4911	31150	Southern Nevada Power Co	Clark County, Nev	4	---do	8,319	P
L	7	4911	31155	Public Service Company of Colorado	Mesa, Colo	4	Dec. 29, 1955	4,240	P
S	3	4911	31157	Citizens Utilities Co	Vermont at large	4	Dec. 30, 1955	1,421	P
S	3	4911	31159	---do	Santa Cruz, Ariz	4	---do	60	P
S	3	4911	31160	---do	---do	4	---do	130	P

TABLE No. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	5	4911	31167	Gulf States Utilities Co	Orango County, Tex	4	Jau. 3, 1956	$1,450	P
L	5	4911	31171	Public Service Company of Oklahoma	Tulsa County, Okla	4	Dec. 31, 1955	48,719	P
L	6	4911	31173	Nortbern Independent Public Service Co	United States at large	4	do	12,600	P
L	6	4911	31174	West Penn Power Co	Butler County, Pa	4	Dec. 7, 1955	485	P
L	6	4911	31175	do	Westmoreland, Pa	4	do	400	P
L	6	4911	31176	do	Washington County, Pa	4	do	530	P
L	6	4911	31179	do	Westmoreland, Pa	4	Dec. 29, 1955	306	P
L	6	4911	31180	do	do	4	do	520	P
S	1	4911	31264	Colorado Central Power Co	Colorado at large	4	Feb. 6, 1956	1,200	P
L	5	4911	31280	Kansas Power & Light Co	United States at large	4	Feb. 13, 1956	11,298	P
L	6	4911	31283	Houston Lighting & Power Co	Harris County, Tex	4	Feb. 14, 1956	19,570	P
L	6	4911	31290	New York State Electric & Gas Corp	New York at large	4	Feb. 20, 1956	597	P
L	5	4911	31329	Indianapolis Power & Light Co	Indiana at large	4	Mar. 5, 1956	15,598	P
								709,383	
L	8	3311	30145	Bethlebem Steel Co	Sparrows Point, Md	5	July 19, 1955	2,440	P
L	8	1011	30231	Pickands Mather, et al	Quebec Province, Canada	5	July 26, 1955	11,551	P
L	8	1011	30554	United States Steel Corp	Utah County, Utah	5	Sept. 14, 1955	8,000	P
S	1	1092	30781	Cordero Mining Co	Cordero Mines, Nev	5	Nov. 15, 1955	12	P
L	8	1011	31192	Bethlebem Steel Co	Sparrows Point, Md	5	Jan. 9, 1956	9.240	P
L	8	1051	31296	Kaiser Bauxite Co	Jamaica, British West Indies	5	Feb. 23, 1956	5,606	P
L	8	1051	31321	Kaiser Aluminum & Chemical Corp	Cramery, La	5	Mar. 2, 1956	7,792	P
L	8	4011	30283	Chicago, Milwaukee, St. Paul & Pacific RR	St. Paul, Minn	6	Aug. 1, 1955	3,217	P
L	8	4011	30435	do	Minneapolis, Minn	6	Aug. 18, 1955	363	P
L	8	4011	30589	Chicago & North Western Ry	United States at large	6	Sept. 27, 1955	850	P
L	8	4011	30630	Duluth, South Shore & Atlantic RR	do	6	Oct. 10, 1955	86	P
S	1	4011	30687	Sunshine State Refining, Inc	Florida at large	6	Oct. 24, 1955	960	P
L	8	4011	30721	North American Car Corp	United States at large	6	Nov. 2, 1955	82	P
L	8	4013	30821	South Buffalo Ry. Co	Lackawanna, N. Y	6	Nov. 22, 1955	380	P
L	8	4011	30830	Detroit, Toledo & Ironton RR. Co	United States at large	6	Nov. 25, 1955	2,060	P
L	6	4011	30836	Atlas Powder Co	do	6	do	63	P
L	8	4011	30837	Atlantic Coast Line RR. Co	do	6	Nov. 28, 1955	6,250	P
L	8	4011	30838	do	do	6	do	900	P
L	8	4011	30840	Lehigh Valley RR. Co	do	6	do	1,615	P
L	8	4011	30841	do	do	6	do	820	P
L	8	4011	30845	Reading Co	do	6	Nov. 29, 1955	12,155	P
L	3	4011	30850	Texas Natural Gas Transmission Co	do	6	Nov. 30, 1955	2,200	P
S	4	4291	30854	O'Sullivan Rubber Corp	Winchester, Va	6	do	265	P
L	8	4011	30855	Union Pacific RR. Co	United States at large	6	Dec. 1, 1955	10,595	P
L	8	4011	30859	Seaboard Air Line RR. Co	do	6	do	7,790	P
L	8	4011	30860	Ethyl Corp	do	6	do	853	P
L	7	4011	30871	General American Transportation Corp	Sharon, Pa	6	Dec. 5, 1955	2,416	P

L	6	4011	30874	Kansas City Southern Ry. Co	United States at large	6	do	546	P
L	8	4011	30875	St. Louis-San Francisco Ry. Co	do	6	do	16,114	P
S	2	4454	30883	Donaldson Tow & Lighterage Co	do	6	Dec. 6, 1955	800	P
L	8	4011	30896	Chicago, Milwaukee, St. Paul & Pacific RR. Co	do	6	Dec. 7, 1955	1,400	P
L	8	4011	30898	Chicago, Rock Island & Pacific RR. Co	do	6	Dec. 8, 1955	367	P
L	6	4011	30900	Kansas City Southern Ry. Co	do	6	Dec. 7, 1955	4,825	P
L	5	4742	30901	Union Tank Car Co	do	6	Dec. 8, 1955	3,927	P
L	8	4011	30902	Seaboard Air Line RR. Co	do	6	do	1,068	P
L	8	4011	30903	New York Central RR. Co	do	6	do	10,749	P
L	8	4011	30904	do	do	6	do	38,588	P
L	8	4011	30909	do	do	6	Dec. 9, 1955	11,850	P
L	8	4011	30910	do	do	6	do	3,950	P
L	8	4011	30911	do	do	6	do	7,900	P
L	8	4011	30912	do	do	6	do	7,900	P
L	8	4011	30913	do	do	6	do	6,090	P
L	8	4011	30914	do	do	6	do	16,170	P
L	8	4011	30915	do	do	6	do	10,552	P
L	8	4742	30917	Pacific Fruit Express Co	do	6	do	26,090	P
L	8	4011	30918	St. Louis Southwestern Ry. Co	do	6	do	6,920	P
L	8	4011	30919	Chicago, Rock Island & Pacific RR. Co	do	6	do	845	P
L	5	4011	30933	Warren Petroleum Corp	do	6	do	4,400	P
L	8	4742	30935	North American Car Corp	do	6	do	675	P
S	1	4011	30936	Piggy Back, Inc	do	6	Dec. 12, 1955	3,255	P
L	8	4011	30940	Spokane, Portland & Seattle Ry. Co	do	6	do	4,600	P
L	8	4011	30942	Louisville & Nashville RR Co	do	6	do	274	P
L	8	4743	30945	Merchants Despatch Transportation Corp	do	6	do	7,721	P
L	8	4743	30946	Northern Refrigerator Line, Inc	do	6	do	2,574	P
L	8	4011	30962	Central of Georgia, Ry. Co	do	6	Dec. 14, 1955	4,017	P
L	8	4011	30965	Macon, Dublin & Savannah RR. Co	do	6	do	230	P
L	8	4011	30967	Reading Co	do	6	do	10,145	P
L	8	4011	30969	Colorado & Southern Ry. Co	do	6	Dec. 15, 1955	2,050	P
L	8	4011	30970	Erie RR. Co	do	6	do	4,000	P
L	8	4011	30971	Ann Arbor RR. Co	do	6	do	2,204	P
L	8	4011	30972	New Jersey, Indiana & Illinois RR. Co	do	6	do	1,731	P
S	2	4013	30974	Apalachicola Northern RR. Co	Port St. Joe, Fla	6	Dec. 16, 1955	505	P
L	8	4011	30975	Chicago, Burlington & Quincy RR. Co	United States at large	6	do	13,437	P
L	5	4743	30986	Union Tank Car Co	do	6	Dec. 19, 1955	5,580	P
S	3	4011	30987	Kansas, Oklahoma, & Gulf Ry. Co	do	6	Dec. 16, 1955	40	P
L	8	4011	30990	Chicago, Milwaukee, St. Paul, & Pacific RR. Co	do	6	Dec. 19, 1955	10,660	P
L	7	4743	30991	General American Transportation Corp	do	6	do	14,976	P
L	7	4743	30992	do	do	6	do	5,066	P
L	7	4743	30993	do	do	6	do	3,980	P
L	6	4011	30994	Kansas City Southern Ry. Co	do	6	do	525	P
L	8	4011	30995	Chicago Great Western Ry. Co	do	6	do	122	P
L	8	4011	30996	Pittsburgh & West Virginia Ry. Co	do	6	do	2,236	P
L	8	4011	30998	Carolina & Northwestern Ry. Co	do	6	do	62	P
L	8	4011	30999	Texas & Pacific Ry. Co	do	6	do	2,082	P
L	8	4011	31000	Wabash RR. Co	do	6	do	15,813	P
L	8	4011	31001	Elgin, Joliet & Eastern Ry. Co	do	6	do	420	P
L	8	4011	31003	Atlantic Coast Line RR. Co	do	6	do	274	P
L	8	4011	31008	Chicago & North Western Ry. Co	do	6	do	9,021	P

TABLE NO. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	7	4011	31009	Western Maryland Ry. Co	United States at large	6	Dec. 19, 1955	$6,575	P
L	8	4011	31012	New Orleans & Northeastern RR. Co	do	6	do	472	P
L	8	4011	31016	Elgin, Joliet & Eastern Ry. Co	do	6	Dec. 21, 1955	3,600	P
L	8	4041	31026	Railway Express Agency, Inc	do	6	do	10,622	P
S	2	4011	31027	Detroit & MacRinac Ry. Co	do	6	do	734	P
L	6	4011	31029	Chicago Heights Terminal Transfer RR. Co	do	6	do	1,000	P
L	8	4011	31030	Denver & Rio Grande Western RR. Co	do	6	do	2,169	P
L	8	4011	31031	Pittsburgh & Lake Erie RR. Co	do	6	do	15,800	P
L	8	4011	31032	do	do	6	do	7,800	P
L	8	4742	31033	Merchants Despatch Transportation Corp	do	6	do	1,200	P
L	8	4011	31036	Chesapeake & Ohio Ry. Co	do	6	do	24,362	P
L	8	4011	31038	Duluth, Missabe & Iron Range Ry. Co	do	6	do	1,270	P
L	8	4011	31047	Minneapolis, St. Paul & Sault Ste. Marie. Co	do	6	Dec. 23, 1955	1,200	P
L	8	4011	31048	do	do	6	do	2,073	P
L	8	4011	31049	Wisco Central RR. Co	do	6	do	2,564	P
L	8	4743	31050	North American Car Corp	do	6	do	1,560	P
L	8	4011	31052	Atchison, Topeka & Santa Fe Ry	do	6	Dec. 27, 1955	20,866	P
L	8	4011	31054	Great Northern Ry. Co	do	6	do	6,100	P
L	7	4743	31058	Shpx Third Corp	do	6	do	1,700	P
L	8	4011	31061	Delaware, Lackawana & Western RR. Co	do	6	do	1,085	P
L	7	4743	31062	General American Transportation Corp	do	6	do	4,975	P
L	5	4743	31066	Union Tank Car Co	do	6	do	1,755	P
L	8	4011	31068	Great Northern Ry. Co	do	6	Dec. 28, 1955	1,660	P
L	8	4011	31069	do	do	6	do	2,400	P
L	8	4011	31072	Duluth, South Shore & Atlantic RR. Co	do	6	do	865	P
L	8	4011	31074	Baltimore & Ohio RR. Co	do	6	Dec. 27, 1955	7,344	P
L	8	4011	31076	St. Louis-San Francisco Ry	do	6	do	1,443	P
L	8	4011	31079	Donora Southern RR. Co	do	6	do	198	P
L	8	4011	31082	Bessemer & Lake Erie RR. Co	do	6	do	160	P
L	8	4011	31088	Chicago & North Western Ry. Co	do	6	Dec. 28, 1955	375	P
L	7	4011	31090	Western Pacific RR. Co	do	6	Dec. 29, 1955	230	P
L	7	4011	31091	do	do	6	do	3,560	P
L	8	4011	31095	Reading Co	do	6	Dec. 28, 1955	3,370	P
L	8	4011	31097	Ethyl Corp	do	6	Dec. 29, 1955	182	P
L	8	4011	31099	Virginia Ry. Co	do	6	do	14	P
L	8	4011	31100	Southern Ry. Co	do	6	do	1,777	P
L	8	4011	31101	Cincinnati, New Orleans & Texas Pacific Ry	do	6	do	1,725	P
L	8	4011	31102	Alabama Great Southern RR. Co	do	6	do	380	P
L	8	4011	31108	Union RR. Co	do	6	do	4,125	P
L	8	4011	31110	Chicago & Eastern Illinois RR. Co	do	6	do	1,558	P
L	8	4011	31112	New York, New Haven & Hartford RR	do	6	do	2,625	P

L	8	4742	31114	Columbia Southern Chemical Corp	do	6	Dec. 30, 1955	2,432	P
L	7	4742	31115	General American Transportation Corp	do	6	do	7,422	P
S	1	4742	31117	Jack Cohn	do	6	do	206	P
S	1	4742	31118	Mrs. Georgene Reniek	do	6	do	99	P
S	1	4742	31119	Edwin L. Wiegand	do	6	do	206	P
S	1	4742	31120	Milton S. Trautner Co., Inc	do	6	do	1,030	P
S	1	4742	31121	Trailer Train Co	do	6	do	4,000	P
S	1	4742	31122	do	do	6	do	1,340	P
L	8	4742	31124	Fruit Growers Express Co	do	6	do	11,000	P
L	5	4743	31136	Union Tank Car Co	do	6	do	9,230	P
L	8	4011	31145	Union RR. Co	do	6	do	949	P
L	8	4011	31146	Chicago, Rock Island & Pacific RR	do	6	do	2,691	P
L	8	4011	31151	Chicago, Indianapolis & Louisville RR	do	6	Dec. 29, 1955	1,554	P
S	1	4742	31153	Union Chemical & MAT. Corp	do	6	do	1,489	P
S	4	4013	31163	Kewaunee, Green Bay & Western RR	do	6	Dec. 30, 1955	151	P
S	1	4011	31168	Texas Mexican Ry. Co	do	6	Jan. 3, 1956	200	P
L	8	4743	31169	North American Car Corp	do	6	do	29	P
S	4	4013	31182	Green Bay & Western RR. Co	do	6	Dec. 30, 1955	302	P
S	1	4281	31217	Robert Torrans	Texas at large	6	Jan. 16, 1956	30	P
L	8	4011	31276	Cities Service Products Co	United States at large	6	Feb. 10, 1956	1,150	P
S	1	4233	31303	Commercial Storage Co	Mason City, Iowa	6	Feb. 27, 1956	435	P
L	8	4011	31324	Virginian Ry. Co	United States at large	6	Mar. 2, 1956	1,366	P
L	5	4422	30542	American-Hawaiian Steamship Co	do	10	Sept. 12, 1955	115,000	P
S	1	4412	31170	Ship Builders Co., Inc	do	10	Jan. 3, 1956	15,000	P
S	2	4422	31352	American Liberty Steamship Co	do	10	Mar. 13, 1956	32,100	P
L	5	4512	30591	Delta Air Lines, Inc	Atlanta, Ga	11	Sept. 27, 1955	450	P
L	8	4512	30649	Trans World Airlines, Inc	United States at large	11	Oct. 12, 1955	70,400	P
L	8	4512	30650	do	do	11	do	18,400	P
L	8	4512	30693	Northeast Airlines, Inc	Boston, Mass	11	Oct. 25, 1955	11,556	P
L	7	4512	30699	United Air Lines, Inc	United States at large	11	Oct. 27, 1955	4,338	P
L	7	4512	30810	Northwest Airlines, Inc	do	11	Nov. 21, 1955	9,300	P
S	1	4512	30811	Trans Caribbean Airways, Inc	do	11	Nov. 18, 1955	2,280	P
L	8	4512	30815	American Airlines, Inc	do	11	Nov. 21, 1955	159,574	P
L	7	4512	30858	United Air Lines, Inc	do	11	Dec. 1, 1955	175,650	P
L	5	4512	30899	Western Air Lines, Inc	do	11	Dec. 7, 1955	1,400	P
L	5	4512	30908	Continental Air Lines, Inc	do	11	Dec. 9, 1955	2,372	P
L	5	4512	30988	Delta Air Lines, Inc	do	11	Dec. 16, 1955	3,750	P
S	3	4512	31011	Flying Tiger Lines, Inc	do	11	Dec. 20, 1955	19,500	P
L	7	4512	31098	Eastern Air Lines, Inc	do	11	Dec. 29, 1955	124,060	P
L	5	4512	31186	National Airlines, Inc	do	11	Jan. 9, 1956	4,391	P
L	5	4512	31187	do	do	11	do	8,010	P
L	5	4512	31188	do	do	11	do	35,100	P
L	5	4512	31189	do	do	11	do	47,840	P
L	5	4512	31194	Delta Air Lines, Inc	do	11	Jan. 11, 1956	44,000	P
L	7	4512	31198	Braniff Airways, Inc	do	11	Jan. 12, 1956	50,990	P
L	2	4512	31210	Pan American-Grace Airways, Inc	do	11	Jan. 16, 1956	14,485	P
L	2	4512	31211	do	do	11	do	25,440	P
L	8	4512	31212	Trans World Airlines, Inc	do	11	do	2,600	P
L	3	4512	31213	Alaska Airlines, Inc	do	11	do	1,500	P
L	8	4512	31214	Pan American World Airways, Inc	do	11	do	289,969	P
L	5	4512	31218	Continental Air Lines, Inc	do	11	do	16,992	P

TABLE NO. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	5	4512	31219	Continental Air Lines, Inc	United States at large	11	Jan. 16, 1956	$10,974	P
L	5	4512	31220	do	do	11	do	18,960	P
S	1	4512	31221	Trans Caribbean Airways, Inc	do	11	Dec. 28, 1955	2,280	P
L	6	3614	31262	Joy Manufacturing Co	Pittsburgh, Pa	15	Feb. 3, 1956	340	P
S	1	3561	30448	Rice Pump & Machinery Co	Belgium, Wis	16	Aug. 19, 1955	9	P
L	4	3566	31234	Michigan Tool Co	Traverse City, Mich	16	Jan. 26, 1956	400	P
L	4	3729	31267	Standard Pressed Steel Co	Jenkintown, Pa	16	Feb. 7, 1956	2,635	P
S	2	3661	30983	Rotron Manufacturing Co., Inc	Woodstock, N. Y	17	Dec. 16, 1955	48	P
S	1	1931	31330	Carco Industries, Inc	Philadelphia, Pa	20	Mar. 5, 1956	151	P
L	6	3722	30173	Universal-Cyclops Steel Corp	Titusville, Pa	25	July 20, 1955	643	P
L	8	3721	30440	Boeing Airplane Co	Seattle, Wash	25	Aug. 18, 1955	829	P
L	8	3721	30454	do	do	25	Aug. 22, 1955	581	P
L	8	3721	30570	Lockheed Aircraft Corp	Van Nuys, Calif	25	Sept. 20, 1955	366	P
L	8	3721	30611	Fairchild Engine and Airplane Corp	Hagerstown, Md	25	Oct. 5, 1955	140	P
L	8	3723	30612	Curtiss-Wright Corp	Caldwell, N. J	25	do	127	P
L	8	3723	30613	do	Buffalo, N. Y	25	do	174	P
L	8	3722	30614	do	Wood-Ridge, N. J	25	do	980	P
L	8	3722	30624	General Motors Corp	Indianapolis, Ind	25	Oct. 7, 1955	14,223	P
L	7	3722	30635	Marquette Metal Products Co	Cleveland, Ohio	25	Oct. 10, 1955	242	P
S	1	3729	30667	La Deau Manufacturing Co	Los Angeles, Calif	25	Oct. 17, 1955	29	P
L	4	3729	30673	Menasco Manufacturing Co	Euless, Tex	25	Oct. 19, 1955	4,585	P
L	8	3721	30684	Lockheed Aircraft Corp	Marietta, Ga	25	Oct. 21, 1955	1,967	P
L	8	3721	30715	Boeing Airplane Co	Seattle, Wash	25	Oct. 31, 1955	788	P
S	2	3729	30722	H. W. Loud Machine Works, Inc	Pomona, Calif	25	Nov. 2, 1955	868	P
L	6	3722	30728	Ryan Aeronautical Co	San Diego, Calif	25	do	169	P
L	8	3721	30738	Boeing Airplane Co	Seattle, Wash	25	Nov. 7, 1955	2,611	P
L	8	3721	30752	do	Wichita, Kans	25	Nov. 9, 1955	147	P
L	5	3721	30757	Kawneer Co	Miles, Mich	25	Nov. 14, 1955	239	P
L	3	3729	30770	Aeronca Manufacturing Corp	Middletown, Ohio	25	do	600	P
S	2	3729	30822	Hudro-Mill Co	Santa Monica, Calif	25	Nov. 23, 1955	225	P
L	8	3721	30833	Boeing Airplane Co	Seattle, Wash	25	Nov. 28, 1955	862	P
L	8	3729	30843	Bendix Aviation Corp	Davenport, La	25	do	282	P
L	8	3722	30856	United Aircraft Corp	East Hartford, Conn	25	Dec. 1, 1955	1,281	P
L	7	3729	30897	Rohr Aircraft Corp	Chula Vista, Calif	25	Dec. 8, 1955	750	P
L	6	3722	30907	Ex-Cell-O Corp	Elwood, Ind	25	Dec. 9, 1955	351	P
L	8	3722	30929	Bendix Aviation Corp	Palmdale, Calif	25	Dec. 12, 1955	210	P
L	8	3729	30930	do	South Bend, Ind	25	do	1,122	P
S	1	3599	31002	Avica Corp	Middletown, R. I	25	Dec. 19, 1955	104	P
L	6	3722	31010	Ex-Cell-O Corp	Highland Park, Mich	25	do	192	P
L	8	3729	31015	Northrop Aircraft, Inc	Hawthorne, Calif	25	Dec. 21, 1955	370	P
L	8	3722	31053	Curtiss-Wright Corp	Wood-Ridge, N. J	25	Dec. 27, 1955	212	P

L	8	3721	31063	Douglas Aircraft Co., Inc	Long Beach, Calif	25	do	18,768	P
L	8	3721	31078	Beech Aircraft Corp	Herington, Kans	25	do		P
L	8	3722	31162	United Aircraft Corp	Windsor Locks, Conn	25	Dec. 30, 1955	4,000	P
L	8	3721	31164	Lockheed Aircraft Corp	Burbank, Calif	25	Jan. 3, 1956	600	P
S	2	3729	31184	Wells Aircraft Parts Co	Santa Monica, Calif	25	Jan. 6, 1956	119	P
L	8	3721	31191	Bell Aircraft Corp	Wheatfield, N. Y	25	Jan. 9, 1956	153	P
L	8	3721	31200	Lockheed Aircraft Corp	Burbank, Calif	25	Jan. 13, 1956	754	P
S	2	3641	31205	Worcester Pressed Steel Co	Worcester, Mass	25	Jan. 16, 1956	92	P
S	1	3722	31216	Atlantic Machine Tool Works, Inc	Newington, Conn	25	do	285	P
L	7	3722	31228	Fairchild Engines & Airplane Co	Deer Park, N. Y	25	Jan. 24, 1956	371	P
L	8	3729	31235	Goodyear Aircraft Corp	Akron, Ohio	25	Jan. 26, 1956	149	P
L	8	3729	31248	Northrop Aircraft, Inc	Hawthorne, Calif	25	Jan. 30, 1956	401	P
L	8	3721	31254	Glenn L. Martin Co	Middle River, Md	25	Jan. 31, 1956	168	P
L	8	3721	31269	Lockheed Aircraft Corp	Burbank, Calif	25	Feb. 9, 1956	803	P
S	2	3729	31270	Sanitary Seale Co	Belvidere, Ill	25	Feb. 8, 1956	14	P
S	1	3998	31279	Trofair Corp	Los Angeles, Calif	25	Feb. 13, 1956	39	P
S	1	3821	31292	Waldorf Instrument Corp	Huntington, N. Y	25	Feb. 21, 1956	833	P
L	8	3721	31294	Bell Aircraft Corp	Fort Worth, Tex	25	do	8	P
L	7	3721	31304	Northrop Aircraft, Inc	Hawthorne, Calif	25	Feb. 27, 1956	190	P
L	8	3729	31305	Hamilton Standard Division	Windsor Locks, Conn	25	Feb. 28, 1956	270	P
L	6	3722	31308	Ryan Aeronautical Co	San Diego, Calif	25	do	170	P
L	8	3729	31311	Goodyear Aircraft Corp	Litchfield Park, Ariz	25	Feb. 29, 1956	196	P
L	8	3722	31313	Pratt & Whitney Aircraft Division	Hartford, Conn	25	do	4,448	P
L	8	3641	31316	Bendix Aviation Corp	Sidney, N. Y	25	Mar. 1, 1956	241	P
L	8	3722	31322	Vickers, Inc	Jackson, Miss	25	Mar. 2, 1956	1,309	P
L	8	3722	31323	General Electric Co	Evendale, Ohio	25	do	19,239	P
L	8	3721	31325	Douglas Aircraft Co., Inc	El Segundo, Calif	25	Mar. 5, 1956	67	P
L	8	3721	31326	do	Santa Monica, Calif	25	do	2,472	P
L	8	3721	31327	Lockheed Aircraft Corp	Burbank, Calif	25	do	1,650	P
L	8	3721	31328	do	do	25	do	361	P
L	1	3729	31331	Kenyon Instrument Co., Inc	Huntington, N. Y	25	do		P
S	3	3722	31339	Delavan Manufacturing Co	Des Moines, Iowa	25	do	10	P
S	1	3721	31342	Hufford Machine Works, Inc	El Segundo, Calif	25	Mar. 9, 1956	175	P
L	8	3721	31343	Boeing Airplane Co	Seattle, Wash	25	do	210	P
S	1	3691	31344	Elcon Manufacturing Co	Los Angeles, Calif	25	Mar. 12, 1956	2,536	P
L	8	3721	31346	Boeing Airplane Co	Benton, Wash	25	do	22	P
L	7	3722	31348	Thompson Products, Inc	Cleveland, Ohio	25	do	1,442	P
L	8	3721	31349	Fairchild Engine & Airplane Corp	Hagerstown, Md	25	do	700	P
L	8	3723	31351	United Aircraft Corp	Windsor Locks, Conn	25	do	8	P
L	7	3729	31355	Hughes Tool Co	Culver City, Calif	25	Mar. 13, 1956	461	P
S	2	3729	31365	Weston Hydraulics	North Hollywood, Calif	25	Mar. 14, 1956	92	P
L	6	3669	30784	General Dynamics Corp	Rochester, N. Y	25	Mar. 19, 1956	59	P
S	3	3664	31158	Citizens Utilities Co	Mohave County, Ariz	26	Nov. 15, 1955	5,000	P
S	3	4811	31161	Citizens Utilities Company of California	Lassen County, Calif	26	Dec. 30, 1955	60	P
L	4	4811	31222	Southwestern States Telephone Co	Jacksonville, Ark	26	do	274	P
L	7	1999	30470	Raytheon Manufacturing Co	Lowell, Mass	26	Jan. 18, 1956	281	P
L	4	3661	30486	Hazeltine Electric Corp	Little Neck, N. Y	28	Aug. 24, 1955	905	P
S	1	3661	30662	Jennings Radio Manufacturing Corp	San Jose, Calif	28	Aug. 29, 1955	500	P
S	3	3661	30829	Sperry Piedmont Co	Albemarle County, Va	28	Oct. 14, 1955	375	P
L	8	1911	31071	Hughes Aircraft Co	Los Angeles, Calif	28	Nov. 25, 1955	900	P
L	5	3661	31229	Collins Radio Co	Cedar Rapids, Iowa	28	Dec. 23, 1955	700	P
							Jan. 24, 1956	3,522	P

TABLE NO. 2.—*Applications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
S	1	3641	31230	Cambridge Thermionic Corp	Cambridge, Mass	28	June 24, 1956	$22	P
L	8	3661	31243	Western Electric Co., Inc	Greensboro, N. C	28	Jan. 27, 1956	50	P
S	3	3661	31249	Mepco, Inc	Morristown, N. J	28	Jan. 30, 1956	245	P
S	2	3661	31250	Premier Instrument Corp	New York, N. Y	28	Jan. 31, 1956	6	P
L	8	3661	31256	Bendix Aviation Corp	North Hollywood, Calif	28	Feb. 1, 1956	130	P
S	1	3661	31258	Microwave Associates, Inc	Burlington, Mass	28	Feb. 2, 1956	493	P
S	3	3661	31271	National Acronautics Corp	Dublin, Pa	28	Feb. 10, 1956	330	P
L	4	3661	31281	Siegler Corp	Anaheim, Orange County, Calif	28	Feb. 13, 1956	425	P
S	2	3661	31289	A. R. F. Products, Inc	Raton, N. Mex	28	Feb. 20, 1956	46	P
L	6	3661	31338	American Machine & Foundry Co	Boston, Mass	28	Mar. 8, 1956	33	P
L	4	3693	31345	Machlett Laboratories, Inc	Stamford, Conn	28	Mar. 12, 1956	1,700	P
L	6	3661	31356	Sangazo Electric Co	Pickens County, S. C	28	Mar. 15, 1956	750	P
L	8	3571	31367	International Business Machines	Kingston, N. Y	28	Mar. 19, 1956	8,780	P
L	8	3731	30097	Bethlehem Sparrows Point Shipbuilding	Sparrows Point, Md	31	July 15, 1955	1,800	P
L	8	3731	30273	Bethlehem Steel Co	Baltimore, Md	31	Aug. 1, 1955	140	P
L	7	3721	30607	General Dynamics Corp	Groton, Conn	31	Oct. 4, 1955	325	P
L	8	3731	30876	Bethlehem Steel Co	Brooklyn, N. Y	31	Dec. 6, 1955	233	P
L	8	3731	30877	Bethlehem Pacific Coast Steel Corp	San Francisco, Calif	31	do	775	P
L	7	1999	31185	Glenn L. Martin Co	Jefferson County, Colo	31	Jan. 8, 1956	7,500	P
L	8	1999	31206	Fairchild Engine & Aircraft Corp	Wyandanch, N. Y	31	Jan. 16, 1956	137	P
L	8	1999	31241	Western Electric Co., Inc	Winston-Salem, N. C	31	Jan. 27, 1956	169	P
L	8	1999	31242	do	do	31	do	45	P
L	8	1941	31244	do	Burlington, N. C	31	do	5	P
L	8	3721	31261	Bethlehem Steel Co	Brooklyn, N. Y	31	Feb. 3, 1956	1,260	P
L	8	3731	31288	Maryland Ship & Drydock Co	Baltimore, Md	31	Feb. 16, 1956	988	P
L	8	3731	31300	Bethlehem Steel Co	Staten Island, N. Y	31	Feb. 24, 1956	216	P
L	8	7399	30241	American Cyanamid Co	Bound Brook, N. J	32	July 27, 1955	1,630	P
L	8	7399	30242	do	Pearl River, N. Y	32	do	1,550	P
L	8	7399	30279	Phillips Chemical Co	Bartlesville, Okla	32	Aug. 1, 1955	847	P
L	7	7399	30292	Continental Carbon Co	Sunray, Tex	32	do	149	P
L	8	7399	30300	Bendix Aviation Corp	Southfield, Mich	32	Aug. 2, 1955	2,115	P
L	8	7399	30416	Union Carbide & Carbon Corp	Middlesexboro, N. J	32	Aug. 15, 1955	8,984	P
L	8	7399	30499	Shell Chemical Corp	Deer, Tex	32	Aug. 31, 1955	800	P
L	7	7399	30546	General Dynamics Corp	San Diego, Calif	32	Sept. 12, 1955	1,813	P
L	7	7399	30579	do	do	32	Sept. 23, 1955	3,500	P
L	8	7399	30599	Curtiss-Wright Corp	Pennsylvania at large	32	Oct. 3, 1955	5,706	P
L	8	7399	30685	Goodrich Gulf Chemical, Inc	Avon Lake, Ohio	32	Oct. 24, 1955	733	P
S	2	3811	30737	Cedar Engineering, Inc	Minneapolis, Minn	32	Nov. 7, 1955	80	P
S	2	3811	30793	do	do	32	Nov. 17, 1955	19	P
L	8	3842	30804	Johnson & Johnson	North Brunswick, N. J	32	Nov. 18, 1955	107	P
L	7	7399	30806	Nuclear Development Corporation of America	Dutchess County, N. Y	32	do	420	P

L	7	7399	30823	Marquardt Aircraft Co	Van Nuys, Calif	32	Nov. 23, 1955	882	P
S	3	3811	30842	George L. Nankervis Co	Detroit, Mich	32	Nov. 28, 1955	953	P
L	8	7399	30869	Lockheed Aircraft Corp	Van Nuys, Calif	32	Dec. 5, 1955	572	P
L	8	7399	30931	Cities Service Research & Development Co	Middlesex County, N. J	32	Dec. 12, 1955	1,094	P
L	7	7399	30958	Motorola, Inc	Phoenix, Ariz	32	Dec. 13, 1955	57	P
S	1	7399	30959	Enterprise Engineers	Meriden, Conn	32	Dec. 14, 1955	74	P
L	8	7399	30960	Lockheed Aircraft Corp	Sunnyvale, Calif	32	do	15,134	P
L	8	7399	30973	Westinghouse Electric Corp	Narmar, Pa	32	Dec. 15, 1955	2,460	P
L	8	7399	31028	do	Waltz Mill, Pa	32	Dec. 22, 1955	5,650	P
L	5	7399	31034	Collins Radio Co	Los Angeles, Calif	32	do	1,807	P
S	3	7399	31083	Designers for Industry, Inc	Cleveland, Ohio	32	Dec. 27, 1955	289	P
L	8	7399	31177	Minneapolis-Honeywell Regulator Co	Freeport, Ill	32	Jan. 4, 1956	924	P
L	8	7399	31190	Robertshaw-Fulton Controls Co	Anaheim, Calif	32	Jan. 8, 1956	170	P
L	6	7399	31195	United States Time Corp	Westchester, N. Y	32	Jan. 11, 1956	216	P
L	8	7399	31197	Northrop Aircraft, Inc	Hawthorne, Calif	32	Jan. 12, 1956	5,710	P
L	6	3811	31202	United States Time Corp	Middlebury, Conn	32	Jan. 11, 1956	134	P
L	6	3811	31203	do	Little Rock, Ark	32	do	205	P
L	5	7399	31208	American Beach Arma Corp	Garden City, N. Y	32	Jan. 16, 1956	947	P
L	5	3811	31215	Kearfott Manufacturing Corp	Newark, N. J	32	do	278	P
L	8	7399	31231	Douglas Aircraft Co., Inc	El Segundo, Calif	32	Jan. 25, 1956	8,170	P
L	5	3811	31232	Kearfott Co., Inc	Little Falls, N. J	32	do	3,200	P
S	2	3811	31260	American Standard Corp	Trevose, Pa	32	Feb. 2, 1956	57	P
L	8	7399	31266	Lockheed Aircraft Corp	Palto Alto, Calif	32	Feb. 6, 1956	2,455	P
L	6	3811	31286	Kearfott Co., Inc	Little Falls, N. J	32	Feb. 15, 1956	115	P
L	4	3811	31287	Farrand Optical Co., Inc	New York, N. Y	32	Feb. 16, 1956	30	P
L	8	7399	31312	United Aircraft Corp	Hartford, Conn	32	Feb. 29, 1956	1,330	P
L	8	7399	31315	Lockheed Aircraft Corp	Van Nuys, Calif	32	Mar. 1, 1956	385	P
L	8	7399	31317	General Precision Laboratory, Inc	Pleasantville, N. Y	32	do	48	P
L	5	3811	31318	Kearfott Co., Inc	Van Nuys, Calif	32	do	28	P
L	8	3811	31334	Bendix Aviation Corp	Towson, Md	32	Mar. 5, 1956	55	P
L	7	7399	31353	Combustion Engineering, Inc	Windsor, Conn	32	Mar. 13, 1956	8,682	P
L	5	7399	31363	Surface Combustion Corp	Columbus, Ohio	32	Mar. 19, 1956	375	P
L	8	2221	30690	Celanese Corporation of America	Rome, Ga	34	Oct. 25, 1955	4,043	P
L	8	2825	31282	Chamstrand Corp	Gonzalez, Escambia County, Fla.	34	Feb. 13, 1956	43,000	P
L	7	3352	31297	Kaiser Aluminum & Chemical Corp	Erie, Pa	36	Feb. 23, 1956	4,491	P
L	5	3351	30299	Metal Manufacturing Co	Newark, Calif	37	Aug. 2, 1955	2,672	P
L	8	3312	30079	Allegheny-Ludlum Steel Corp	Watervliet, N. Y	38	July 14, 1955	280	P
L	6	3312	30171	Universal-Cyclops Steel Corp	Bridgeville, Pa	38	July 20, 1955	2,950	P
L	6	3312	30174	do	Titusville, Pa	38	do	918	P
L	8	3312	30544	United States Steel Corp	Cleveland, Ohio	38	Sept. 12, 1955	3,163	P
L	6	3312	31223	Alan Wood Steel Co	Conshohocken, Pa	38	Jan. 17, 1956	1,800	P
L	8	3312	31299	Bethlehem Steel Co	Sparrows Point, Md	38	Feb. 24, 1956	48,000	P
L	6	3323	31306	Griffin Wheel Co	Colton, Calif	38	Feb. 28, 1956	3,750	P
S	1	3323	31309	Rollstone Foundry, Inc	Fitchburg, Mass	38	Feb. 29, 1956	456	P
L	8	3312	31319	Bethlehem Steel Co	Lackawanna, N. Y	38	Mar. 2, 1956	11,614	P
L	8	3311	31320	do	Sparrows Point, Md	38	do	100,860	P
L	5	3323	31335	Chicago Steel Foundry Co	Lima, Ohio	38	Mar. 5, 1956	673	P
S	5	3312	31337	Northwestern Steel & Wire Co	Sterling, Ill	38	Mar. 8, 1956	7,500	P
L	8	3312	31361	Bethlehem Steel Co	Bethlehem, Pa	38	Mar. 16, 1956	3,324	P
L	8	3312	31362	do	Sparrows Point, Md	38	do	10,308	P

TABLE No. 2.—*App'ications for tax amortization pending as of Mar. 21, 1956*—Continued

Size symbol	Firm size	SIC code	TA No.	Name	Location of facility	Delegate agency No.	Date of application	Amount of application	Status
								Thousands	
L	8	3311	31364	Jones & Laughlin Steel Corp	Aliquippa, Pa	38	Mar. 16, 1956	$2, 435	P
S	2	3339	31172	NRC Metals Corp	Milton, Fla	39	Jan. 3, 1956	4, 500	P
S	5	2826	30175	King Power Co	Kings Mills, Ohio	42	July 20, 1955	20	P
P	8	2829	30288	Columbia Titanium Co	Natrium, W. Va	42	Aug. 1, 1955	10, 500	P
L	7	2829	30539	Hercules Powder Co	Louisiana, Mo	42	Sept. 9, 1955	4, 254	P
L	8	2841	30545	Shell Chemical Corp	Norco, La	42	Sept. 12, 1955	30, 000	P
S	1	2823	30633	Allied Resinous Products, Inc	Conneaut, Ohio	42	Oct. 10, 1955	107	P
L	6	2819	30831	American Agricultural Chemical Co	Pierce, Fla	42	Nov. 25, 1955	1, 138	P
L	8	2841	31007	Dow Chemical Co	Freeport, Tex	42	Dec. 20, 1955	8, 350	P
S	1	2896	31204	California Oxygen Co	Sacramento, Calif	42	Jan. 16, 1956	430	P
S	1	2896	31255	Dye Oxygen Co., Inc	Phoenix, Ariz	42	Feb. 1, 1956	185	P
L	8	2819	31333	Petroleum Chemicals, Inc	Lake Charles, La	42	Mar. 6, 1956	12, 500	P
S	1	2896	31340	Industrial Air Products Co	Portland, Oreg	42	Mar. 9, 1956	775	P
L	8	3011	31226	Goodyear Tire & Rubber Co	Akron, Ohio	47	Jan. 20, 1956	1, 685	P
				Total				4, 469, 947	

Mr. PATMAN. Mr. Chairman, will you have Secretary Weeks before the committee?

The CHAIRMAN. We have asked him to appear before us.

Mr. PATMAN. All right.

The other lists were supplied by Secretary Weeks and I will ask him to supply them.

Now, Dr. Flemming, recently, did not the President issue an Executive order concerning the use of men in private industry in Government through a reserve system such as you have outlined here?

Dr. FLEMMING. Yes, sir, Mr. Patman, he issued an Executive order, section 710 (e) of the Defense Production Act, as passed in 1955, which provides that the President is further authorized to provide for the establishment and training of a nucleus executive reserve for employment in executive positions in Government during periods of emergency. Members of this executive reserve who are not full-time Government employees may be allowed transportation, and not to exceed $15 per diem, in lieu of subsistence while away from their homes or regular places of business for the purpose of participating in the executive reserve training program.

The President is authorized to provide by regulations for the exemption of such persons who are not full-time Government employees, from the operation of section—and so on.

Mr. PATMAN. I am not questioning the authority.

Dr. FLEMMING. He issued the order under that section.

Mr. PATMAN. That is the question I am asking. If he did not issue the order.

Dr. FLEMMING. That is correct.

Mr. PATMAN. Do you have a copy of the order?

Dr. FLEMMING. I do not happen to have it.

Mr. PATMAN. Will you place a copy in the record?

Dr. FLEMMING. I will be happy to, and if you like I will also place in the record a copy of a Defense Mobilization order that I issued under the authority of the Executive order.

Mr. PATMAN. Yes, sir, I wish you would.

Dr. FLEMMING. Very well.

[Immediate release—James C. Hagerty, press secretary to the President]

THE WHITE HOUSE, *February 16, 1956.*

The President has signed an Executive order providing for the establishmeut of a national defeuse executive reserve to be composed of persons selected and trained for employment in executive positions in the Federal Government during periods of emergency. The creation of a civilian reserve of this kind was authorized by section 8 of the 1955 amendments of the Defense Production Act of 1950.

The order requires the Director of the Office of Defense Mobilization to institute and administer the program and coordinate the establishment of executive reserve units in various Federal agencies.

Under the order, agencies designated by the ODM Director would have authority to select persous from private life and from the Government to serve in such units. Selection and training of the executive reservist would be carrier out in accordance with regulations and standards set up by ODM.

Activities of persons by reason of their designation as reservists under the order are not to include action or advice on any matter pending before an agency. The order exempts reservists from the conflict of interest statutes only with respect to their mobilization traiuing activities.

The act—section 710 (e) of the Defense Production Act, as amended—permits members of the executive reserve who are uot full-time Government employees to receive transportation aud not to exceed $15 per diem in lieu of subsistence while away from their homes or regular places of business for the purpose of participating in the executive reserve trainiug program.

EXECUTIVE ORDER 10660

PROVIDING FOR THE ESTABLISHMENT OF A NATIONAL DEFENSE EXECUTIVE RESERVE

By virtue of the authority vested in me by the Constitution and laws of the United States, including sections 703 (a) and 710 (e) of the Defense Production Act of 1950, as amended (50 U. S. C. App. 2153 (a); 2160 (e)), and as President of the United States, it is hereby ordered as follows:

SECTION 1. There is hereby established in the executive branch of the Government a national defense executive reserve to be composed of persons selected from various segments of the civilian economy and from government to be trained for employment in executive positions in the Federal Government during periods of emergency.

SECTION 2. The Director of the Office of Defense Mobilization is hereby directed to institute and administer the executive reserve program; to coordinate the activities of other agencies in establishing units of the reserve; to provide for appropriate standards of recruitment and training; and to issue necessary rules and regulations in connection with such program.

SECTION. 3. The Director of the Office of Defense Mobilization in carrying out his responsibilities under this order may utilize the services of other departments and agencies in the maintenance of agency and centralized rosters and in the development of training programs and materials.

SECTION 4. Heads of departments and agencies of the Government designated by the Director of the Office of Defense Mobilization, after appropriate consultation, are authorized to establish units of the executive reserve and to select and designate persons to serve as members of the units.

SECTION 5. Activities of persons by reason of designation as executive reservists under this order shall not include acting or advising on any matter pending before any department or agency but shall be limited to receiving training for mobilization assignments under the reserve program. With respect to activities as so limited, reservists who are not full-time Government employees shall be exempt from the operation of sections 281, 283, 284, 434, and 1914 of title 18, United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99).

SECTION 6. The director of the Office of Defense Mobilization shall report to the President annually, and at such other times as may be appropriate, on the progress made in the development and operation of the executive reserve program.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *February 15, 1956.*

I–Gen–DMO–21
FEBRUARY 23, 1956.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF DEFENSE MOBILIZATION

DEFENSE MOBILIZATION ORDER–I–21

Subject: Providing for a national defense executive reserve

By virtue of the authority vested in me by section 710 (e) of the Defense Production Act of 1950, as amended, and by Executive Order 10660, of February 15, 1956, establishing a national defense executive reserve, and in order to facilitate the development of the national defense executive reserve program as part of the program for readiness for any future mobilization, it is hereby ordered:

1. Departments and agencies of the executive branch having major mobilization responsibilities are authorized after consultation with the Assistant Director for Manpower, Office of Defense Mobilization, to establish units of the executive reserve, select and designate members of such units, and institute programs for their training. Each unit of the executive reserve shall be civilian and shall be under the supervision of the head of the department or agency, or an official designated by him and responsible to him for the conduct of the program.

2. An Interagency Executive Reserve Committee is hereby established to advise the Director of the Office of Defense Mobilization on the coordination of programs of the several executive reserve units, so that a reasonable uniformity in administration, training methods, and adequacy of coverage of mobilization functions can be assured. The chairman of this committee shall be designated by the Director of the Office of Defense Mobilization. The members shall be appointed by the Assistant Director for Manpower, ODM, and shall be from among the persons designated to direct the programs in the participating agencies.

3. There is also established an advisory committee to the Director of the Office of Defense Mobilization drawn from persons in private life to assist him in the furtherance of the program.

4. Members of the reserve units shall be drawn as appropriate from all segments of the economy, for example from industry, agriculture, labor, the professions, professional societies, and from private and public institutions. They may include persons serving in government on a full- or part-time basis. Reservists shall be persons with broad experience in such important functional areas as production, manpower, transportation, etc., and qualified to participate in an executive capacity in such areas in the event of an emergency. The numbers of reservists shall be limited to those for which there is a demonstrable need in essential mobilization functions.

5. Each department and agency shall be responsible for avoiding the issuance of invitations to persons already in the reserve and avoiding excessive governmental demands on a single employer. To assist the departments and agencies in this responsibility, a central register of reserve members will be maintained by the Civil Service Commission for reference. Each department shall notify the Commission of persons designated as members of the reserve.

6. Each member of the reserve will be asked to submit a statement of understanding containing—

(1) A statement of the reservist's willingness to attend a course of training at least once a year at Washington or regional points;

(2) A statement of the reservist's immediate availability for assignment in the event of a national emergency barring unforeseen and overriding reasons to the contrary;

(3) The concurrence in (1) and (2) above of the reservist's private employer, or in the case of a government employee, of a responsible official of his agency;

(4) A statement that the reservist will notify the designating department or agency when his employment or personal status changes in such a manner as to make it unlikely that he would be available for full-time service in the event of national emergency.

7. The degree of security clearance necessary for each reservist will be determined by the department or agency involved in accordance with existing security standards. The official designation of executive reservists will be withheld until such security clearance is obtained.

8. Each department and agency establishing a unit of the reserve shall establish a training program which shall include, but not be limited to, orientation sessions; continuous and up-to-date information on the government organization and program planned in the event of mobilization; information to keep the reservist fully abreast of developments in his field which affect the capacity of the United States to mobilize its resources in an emergency. The training programs will be carried out at Washington and regional levels and will include the actual participation in the testing of mobilization plans at relocation sites. Appropriate manuals or handbooks shall be maintained. The Civil Service Commission shall assist in preparation of these materials as required.

9. With respect to training activities under the reserve program, reservists who are not full-time Government employees are exempt in accordance with the provisions of Executive Order 10660 from the operation of sections 281, 283, 284, 434, and 1914 of title 18, United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99). Reservist training within the meaning of this section shall not include advising, consulting, or acting on any matter pending before the department or agency concerned. In the event that proper training of the reservist who is not a Government employee entails one or more of such activities, he shall be appointed by such department or agency under appropriate authority, including sections 710 (b) and 710 (c) of the Defense Production Act of 1950, as amended. With respect to such activities, exemption from the operation of the conflict-of-interest statutes will depend upon the provisions of the statute and regulations under which the appointment is made.

10. Each department and agency having a unit of the executive reserve shall report annually to the Director of the Office of Defense Mobilization regarding the organization, training, and state of readiness of its executive reserve unit, indicating its size, composition, and representation, together with recommendations thereon.

OFFICE OF DEFENSE MOBILIZATION,
ARTHUR S. FLEMMING, *Director.*

Mr. PATMAN. What disturbs me, Dr. Flemming, is this: Those people whose names I have seen—I am not attacking them or impugning their motives—but they are nearly all from big business concerns. Is that not your understanding?

Dr. FLEMMING. Well, Mr. Congressman, if you take that list that we supplied last time, of course, I think that you will find that a fair number come from educational institutions, from labor organizations, and from other walks of life.

Mr. PATMAN. Let's keep it in the category of business.

Dr. FLEMMING. All right.

Mr. PATMAN. In the category of business they come from big business, do they not; necessarily so, because the little-business man is not in a position to leave his business and come to Washington for consultations or for other reasons, and he does not have a man who can step into his shoes, and is not in a position to pay his expenses and things like that, which are ordinarily required. Of course, in some instances, I know they get their expenses, but that is a minor part.

Dr. FLEMMING. If you are thinking in terms of people coming in and spending 6 months or a year or something of that kind, I think it does present a very real problem as far as small-business men are concerned.

However, if you are thinking in terms of people coming in, say, once a month or once every 2 or 3 months, to serve on an advisory committee, or coming in as individuals to consult with a particular department, then I do not think it does present the same problem.

Mr. PATMAN. It is better for their business though, to have a person they do not have to release more than once or 2 or 3 months, and they are in a position to get that information, and in getting that information the big man is in a better position than the little man because he is in the know.

Do you not think it would be a better plan, Dr. Flemming, for the Government to build up a good career service, and have people who can serve with the knowledge and know-how, and other information in time of war or peace, and not be required to mobilize any additional people in the event of war? Is that not preferable to bringing in people who have a natural selfish interest in production and profits and things of that nature?

Dr. FLEMMING. Congressman Patman, I think I would possibly agree with you that from one point of view it might be an ideal situation if we build up a large enough staff of career civil servants, so that they could take care of any of the duties and responsibilities that might devolve upon government in the event of general mobilization, but frankly I do not think the Government of the United States could afford a program of that kind.

Then, as you know, during World War II, I served as a member of the Civil Service Commission, and was given responsibility by my two colleagues for our part in the war program, so that I lived rather closely to that problem, and we would not have had a chance in the world of dealing with the World War II problems if it had not been possible for us to bring people in from the outside. The same thing was true as far as the Korean war was concerned.

Congressman Patman, I would just like to go back into history to this extent, to show that the problem that you suggest is a very real one, and it is one which has given a great many people pause over the

period of the last 15 or 20 years, but I think that all of us who have worked on it have finally come out at the same point.

For example: In the early days of World War II, the Senate Special Investigating Committee, which was then under the chairmanship of former President Truman, went into this problem very exhaustively, and they filed a report, which was rather critical of the way in which the administration was bringing in what we then called dollar-a-year men. We did not call them "without-compensation" people at that time, but "dollar-a-year" men. And I know many of us who were working on the personnel problems at that time were sympathetic with the approach that was taken by the committee, but as our program stepped up we found that it was absolutely essential to bring in the so-called dollar-a-year men.

When the Defense Production Act was first passed, following the outbreak of hostilities in Korea, Congress inserted a provision which made it possible to bring in the without-compensation people, and to exempt them from the conflict-of-interest statute. That provision in the Defense Production Act, however, called for an Executive order, and it is my understanding that the then President Truman, recalling the investigation that he had conducted in the early days of World War II, was reluctant to have the Government in a position where it was employing a great many people on a without-compensation basis, and exempting them from the conflict-of-interest statute. However, he decided, from a management point of view, that it was absolutely essential to have their services, and so he did issue the Executive order.

Now, Mr. Congressman, it seems to me, as I look back over the World War II period, and as I look back over the post-Korea period, and as I look back over the period of the last 3 years, that the record that has been made by those who have come in and who have served on a dollar-a-year basis or a without-compensation basis, under three administrations now, has been an outstanding record.

They have come in, ofttimes at real sacrifice—because I do not care what you say about a man continuing to draw his same salary, he may draw his same salary but after he has put in a year or two down here, and goes back, he will find that the vacancy that his departure created has probably been filled, and his career, within his own business or industry or within his own organization, or within his own educational institution, may suffer very definitely as a result of the service that he has rendered. So I do not think that, basically, people are furthering any selfish interests when they come down and serve in that capacity.

But their employment, their actions, have been subject—and very properly so—to very careful scrutiny on the part of committees of Congress, now, over a period of 15 to 20 years, and here and there a record has been developed which shows that someone has not used the best judgment, thinking in terms of the interests of the public as a whole. But when you think of the thousands and tens of thousands who have been employed under those particular regulations, and when you think of the fact that in the judgment of everyone who knew them, they rendered outstanding service to their Nation, and when you think of the fact that very few have proved to be faithless to their public trust, I would say that the executive branch and the

legislative branch working together—and that is what they have had to do, it has been a joint partnership proposition, between the executive and legislative branch—have done a superb job of making available highly competent technical personnel to the Government, at a very critical period in the history of our Nation.

They could not have functioned if they did not have back of them some very fine career civil servants, and as you know, I am one of those who believe that we should do everything we possibly can to strengthen our career civil service, and that everything we do along that line in the long run is going to pay dividends.

But I would say that—and this is a generalization subject to exceptions—but I would say that on a percentage basis—if you want to look at it just negatively, the percentage of those who have failed, or who have proved faithless to a public trust, among those who have served on a without-compensation basis, is no greater than the percentage of those who have proved faithless to a public trust and who have been serving on a full-time basis and been paid a regular Government salary.

It seems to me that the nature of the conditions surrounding the employment is not the key to it. The key to it is the character of the person brought in, whether he is brought in as a without-compensation employee, or as a career civil servant, or a person appointed by the President and confirmed by the Senate. And every now and then we make a mistake, all of us, in employing people, whether it be for the Government or for other types of operations, we make a mistake in evaluating character, and then we have to correct the situation.

But on the whole, I think that the executive branch and the legislative branch, working together as they have, from World War II, right down to the present time, have done a superb job in making it possible for this type of person to come in and render what in my judgment is an outstanding service to the country.

Mr. PATMAN. Well, Dr. Flemming, I did not interrupt you because I wanted you to put your whole case on the table, and you have put up a good defense for these dollar-a-year men, we will call them, in time of war, and I am in accord with every word you say, but everything you said was based upon patriotism in time of war.

The concern I have is continuing this same policy in time of peace, and giving large concerns whose representatives do not have that patriotic urge, in time of peace, which they would have in time of war, the opportunity to continue on the same policy, and naturally obtain the planning schedules and programs of the Government. They just naturally find out what the Government is going to do, they just naturally get tips on things which they would not get otherwise. They secure knowledge and information which they would not obtain otherwise, and those who are fortunate enough to be in those positions, and represent certain companies, naturally have a great advantage over those companies who do not have representatives connected with the Government.

I just wonder why it would not be better, Dr. Flemming, for you to just consult with whoever you want to consult with every time, rather than be tied down to a certain committee representing certain companies every time. Why could not you, Dr. Flemming, go out and, through your agents, make your own personal investigation, talk to

little-business men, big-business men, in all categories and sizes, rather than be tied down to a select committee? What do you say in answer to that specific question? Could not you do the job as well if you were privileged to get out and make your own investigation on any particular point that you wanted to cover, as you would if you had a tied down, select committee to confer with?

Dr. FLEMMING. My answer to that, Congressman Patman, is, no. I do not think it is a case of either or, I think it is a case of both and. Actually, of course, the advisory committees to which I have referred, I think probably are a little different type of committee than you have in mind. I think your questions are directed more to the type of committee that advices the BDSA of the Department of Commerce in connection with the discharge of their duties.

For example, the Science Advisory Committee to which I have referred, is one illustration. The health resources advisory committee is another illustration. A labor-management manpower committee, made up of representatives of both labor and management——

Mr. PATMAN. I think you answered my question when you gave a categorical no.

Dr. FLEMMING. Yes, sir.

Mr. PATMAN. Although I like to hear you speak, you are a very interesting speaker and you are very logical in your approach and make a good argument. I just have to ask these questions or I will not get them out of my system.

Dr. FLEMMING. All right, Congressman, I will be happy to have you do it.

Mr. PATMAN. Take the nickel committee. Who is your advisory committee on that?

Dr. FLEMMING. I do not have an advisory committee on nickel.

Mr. PATMAN. What do you do when you want to advise on nickel?

Dr. FLEMMING. As I explained earlier, I did feel the need for some special advice within the past few weeks or months, rather, and consequently I brought in, as a special consultant, under the authority of the Defense Production Act, Mr. Townsend, who is one of the top officials of Sandia.

Mr. PATMAN. All right. You have answered my question, you do not have an advisory committee on nickel and you had a special occasion and you called Mr. Townsend in. You testified to that a while ago. I am satisfied with that answer.

Now, do you have an advisory committee on practically every strategic material?

Dr. FLEMMING. We do not have any advisory committees in the materials filed with the one exception of titanium. We do have a special advisory committee in that area, made up of one Government official—well, made up of more than one, one is Assistant Secretary Wormser of the Department of the Interior, and then also Assistant Secretary Pike of Supply and Logistics from the Department of Defense, and a Dr. Kellogg, who is a professor in the school of engineering at Columbia University, and one person from outside whose name escapes me. Dr. A. J. Phillips, I am told, of American Smelting & Refining. That is the only materials advisory committee that I have in ODM.

Mr. PATMAN. And I find myself in accord with every word you say about wartime. But I do shudder to think, Doctor, that there is a

possibility of people moving in on our Government in time of peace and getting the benefit of all the Government's plans and programs, and inside information, and using that information in a selfish way.

You know selfishness, I think, in addition, to self-interest, I think even selfishness, to an extent, enters into our private enterprise system. We just cannot help it. And whenever we let people go into our Government and know everything that is going on, what is likely to be produced, what is likely to be considered a critical material, what is likely to be done in purchasing that material—all the plans and programs, it seems to me a very dangerous thing in time of peace.

I am not criticizing big business. They served a good purpose in time of war. They furnished the know-how, and they did us a great service, and I commend them for it. I am not criticizing any concern just because it is big. I am only criticizing them when they use that size and weight to the detriment of the public and to the detriment of their small competitors, and certainly people who work for concerns are loyal to those concerns.

I think a person working for a big corporation will probably do things that he himself would not do at all, that he would consider unethical or wrong, but working for somebody else and not doing it for himself, I think sometimes they are prone to do things for the large concern or small concern they are working for that they would not do for themselves at all, because they would think it wrong. And that is because they are loyal to that concern. They want to do everything possible to further the interest of that concern.

Then you put a person like that in the Government and give him all these advantages—I think it is just too much to expect our private enterprise system to survive, and it looks to me right now as though big business is moving in on our Government and taking charge. I am not criticizing anyone who takes the opposite view. You take the view it is helpful to the Government. I have no right to criticize you. I certainly do not condemn you for your views. You have as much right to them as I have. But I think it is a dark day in our Government when big business has moved in in important places and is, you might say, running the Government, directing its policies, knowing what the Government is going to be doing in the future, taking advantage of it, using it for their own selfish ends, which we naturally must expect human beings to do.

I think we are going through a very trying period and I hope you give great consideration to that, Dr. Flemming, and make sure that there are no abuses, or just as few as possible, in the use of people in industry and business in Government positions.

I know that they do not direct policy. Certainly they do not direct policy. But certain people can be around certain committees and they have great weight. You know that and I do, too. They are just there. They are consultants. They have something to do with it. They are part of it. They have a position of advantage, and I certainly hope that you will give consideration to that problem and watch it because I certainly do not want to see anything happen to this Government. I think we have the finest and best government in the world. Of course, there is no dispute, and it is unnecessary to say it, but I am afraid we might bring the house down over our heads if we let these men move in and do things for their own advantage which might be against pub-

lic interest. We might destroy our good Government. It might not go Communist, but it might go Fascist.

Dr. Flemming. Could I comment on just 1 or 2 observations that you have made?

First of all, technically, of course, you are correct when you say that this is a time of peace—that is, we are not engaged in hostility and all of us, of course, are very thankful for that. On the other hand, I think that we do have to keep uppermost in our minds the fact that we are engaged in the most extensive mobilization program that this Nation—and probably any other nation—has ever undertaken, at a time when it was not engaged in actual hostility.

After all, a program which calls for the submission of a Defense Department budget of $35½ billion for just 1 year, is a program of tremendous magnitude, and one that introduces all kinds of complexities into the operations of the Government.

I think we should keep in mind the fact that we are addressing ourselves to the authority that the Congress has given under this particular act, keeping in mind the fact that in granting the authority given that under certain conditions the conflict-of-interest statute can be waived.

The President is further authorized to the extent that he deems it necessary and appropriate, to carry out the provisions of this act. That is all we are talking about here, carrying out the provisions of the Defense Production Act, which is basic to a mobilization program, that involves the expenditure of $35½ billion.

Mr. Patman. And may I interrupt, and it includes conflict-of-interest on the face of it. You read it there. That is a part of it. That is the first thing. In other words, you are taking people who have a conflict of interest.

Dr. Flemming. We know that and we are trusting them in time of peace. We are asking them to assist us in carrying forward a mobilization program of $35½ billion.

Now, the Congress, it seems to me, has been very careful to surround this delegation of authority with safeguards. For example, it says "Appointees shall, when policy matters are involved, be limited to advising appropriate full-time, salaried Government officials who are responsible for making policy decisions." And then the Congress went on and put into the Defense Production Act, all of the provisions that President Truman put in his Executive order, designed to safeguard this.

Mr. Patman. Now, wait, you have brought Mr. Truman in 2 or 3 times to praise him. I think it is very nice that you would. But Mr. Truman put that in in time of war. I am distinguishing between time of war and time of peace. That is the point I am trying to make.

I recall what Mr. Truman did. I think it was all right, but that was in time of war. I am speaking about time of peace. Letting these people who have a conflict of interest, with the Government, on its face, come in here with the Government, and help the Government with their plans and recommendations.

Mr. Bolton. Does the gentleman wish to suggest there are 2 standards of morality, 1 during war and 1 during peace?

Mr. PATMAN. I would not place it on that basis but there is more urge to be patriotic during time of war. And I think a person in time of war would be more careful to not do anything to his selfish interest and advantage, as he might in time of peace, because his feeling toward his country, from a patriotic standpoint, I think, is a lot greater in time of war and I think the gentleman would agree with me.

Dr. FLEMMING. Can I very respectfully disagree at that point. I know of no point when our Nation has been faced with a more critical or serious situation than faces it in the kind of a world in which we are living at the present time, and this Congress, and the executive branch, are constantly affirming and reaffirming that particular fact, as they continue in existence, extraordinary powers and delegations, as they continue to appropriate $35 to $40 billion a year to carry forward a mobilization program, and what are our objectives? Our hope, as citizens of this Nation, is that by carrying forward this kind of a program we will be able to develop a strength which will deter the possible aggressor, or if that does not happen, that we will develop a strength that will enable us to successfully defend our freedom.

I do not know of any situation which has ever existed in the history of the Nation which would call for a greater expression of patriotism on the part of the citizens of this Nation than the situation that exists right today.

Of course, I find it very difficult to believe that a man from any walk of life, business, industry, or education, labor organization or any other walk of life, would come in and take an oath of office, under present conditions, and adhere to any different standards than he would adhere to when we were actually engaged in hostilities.

It seems to me that this is a program that we must pursue with a desparate sense of urgency.

Mr. PATMAN. Do you think that in time of peace a person would have the same urge to desist and refrain from doing anything selfish that would help his company, from in time of hostilities?

Dr. FLEMMING. I would say that under present conditions, he would have certainly the same urge, no question about it at all.

Mr. PATMAN. I want to close with this thought. You are responsible for this program. You pick these people.

Dr. FLEMMING. That is correct.

Mr. PATMAN. And I certainly hope you pick them so that they will not use their authority for selfish actions.

Dr. FLEMMING. Congressmen, I will certainly do my best.

Mr. PATMAN. And I hope you watch the administration of this program very carefully, because it does not look good to me to see so many big businessmen right in there helping run this Government, knowing all its plans, getting all the advantages and benefits that a person can get under those circumstances.

It does not make sense to me, but I am not saying anything more about it because I do not think there is anything I can do about it.

Mr. KILBURN. Mr. Chairman——

The CHAIRMAN. Mr. Kilburn——

Mr. KILBURN. Just 1 or 2 short questions.

If I understand this thing correctly, you try to pick men of honor and integrity?

Dr. FLEMMING. Correct, Mr. Congressman, whether they are WOC's, WAE's, or serve on a full-time basis.

Mr. KILBURN. Everybody in business in this country is not a crook.

Dr. FLEMMING. Certainly not. Far from it.

Mr. KILBURN. And you have to do with a big program.

Dr. FLEMMING. Yes, sir.

Mr. KILBURN. And you naturally have to get advice from people experienced with big programs.

Dr. FLEMMING. That is correct.

Mr. KILBURN. I think you are doing just right.

Mr. MULTER. Mr. Chairman——

The CHAIRMAN. Mr. Multer——

Mr. MULTER. Dr. Flemming, on page 4 of your statement, you refer to the fact that of 227 expansion goals established, only 32 now remain open.

Dr. FLEMMING. Yes, sir.

Mr. MULTER. Is there anything classified as to the information of the 32 that remain open?

Dr. FLEMMING. No, Mr. Congressman, I have them here and I will be glad to supply them for the record.

Mr. MULTER. If you will, please.

Dr. FLEMMING. Very well.

(The information requested follows:)

List III—Open

Goal No.	Title	Delegate agency
[1] 222	Aluminum forging facilities	Commerce.
[1] 20	Chromite, chemical grade	Interior.
[1] 82	Glycerin	Commerce.
99	Heavy aluminum aircraft forgings	Do.
206	Laboratories, research and development (Defense)	Do.
198	Medical supplies and equipment	Do.
64	Mercury	Interior.
16	Nickel	Do.
[1] 65	Petroleum—refined capacity	Do.
[2] 226	Oil and gas pipelines and petroleum storage facilities (specific defense program)	Do.
225	Power facilities for military, atomic energy, and defense related needs	Do.
224	Production facilities for military and atomic energy procurement	Commerce.
227	Roll-on, roll-off ships	Do.
176	Scientific instruments	Do.
178	Selenium	Interior.
76	Steam boilers	Commerce.
74	Steam turbines	Do.
181	Steel castings	Do.
228	Substitutes for strategic natural	Interior.
[1] 27	Tankers, ocean-going	Commerce.
134	Tapered aluminum sheet	Do.
215	Titanium melting facilities	Do.
223	Titanium processing facilities	Do.
91	Welded aluminum tubing	Do.
	In addition, the following goals are technically open but are oversubscribed and are currently under review:	
[1] 148	Aircraft, commercial	Do.
207	Alkylate	Interior.
177	Aluminum sheet-producing and heat-treating facilities	Commerce.
56	Copper	Interior.
[1] 68	Freight cars	ICC.
212	Heavy steel plates	Commerce.
187	Manganese ore, battery and chemical grade	Interior.
[1] 163	Rutile	Do.

[1] Previously suspended on Aug. 11, 1955.
[2] New goal.

Mr. Multer. Now, you have told us, I believe, that under the provision written into the law last year, section 710 (e), the President has issued a directive and the Administration has proceeded to establish and to train this nucleus executive reserve.

Dr. Flemming. That is correct.

Mr. Multer. In the training of that executive reserve, there is made available to them the same information that is made available to all other employees of the Government, or other appointees of the Government, is that correct?

Dr. Flemming. Not necessarily, Mr. Congressman. Take the case of executive reservists in our own organization. The information that is made available to them is the information only that they would need to know in order to perform effectively in the kind of a position that we have in mind for them in the event we should move into general mobilization.

Mr. Multer. Well, for instance, if a man is to be trained as a director of a division of the Government, he is shown how that division operates?

Dr. Flemming. That is correct, and how it would operate under conditions of general mobilization.

Mr. Multer. And he is acquainted with the policy of the particular division or department?

Dr. Flemming. Surely.

Mr. Multer. And also acquainted with how the policy is made?

Dr. Flemming. How it is made at the present time, yes, sir, and how it would be made under war conditions.

Mr. Multer. Can you think of any reason why those persons should be exempted from the requirements and limitations placed upon WOC's? I am talking about the requirements written into section 710 (e) of the act.

Dr. Flemming. Mr. Congressman, under the Executive order that the President issued, under 710 (e)—I do not have a copy of that order—but it does contain a provision which specifically prohibits people called in for training from participating in any of the current operations of a Government department or agency.

For example, in my own order, which I issued supplementary to the President's order, I said this:

> With respect to training activities under the reserve program, reservists who are not full-time Government employees are exempt, in accordance with the provisions of Executive Order 10660, from the operation of the conflict-of-interests statute. Reservists training within the meaning of this section, shall not include advising, consulting, or acting on any matter pending before the department or agency concerned. In the event that proper training of the reservist who is not a Government employee, entails one or more of such activities, he shall be appointed by such department or agency, under appropriate authority, including section 710 (b) and (c), of the Defense Production Act, as amended.

And under those conditions he would be required, of course, to adhere to all of the provisions in those two sections.

> With respect to such activities, exemption from the operation of the conflict-of-interest statutes will depend upon the provisions of the statute and regulations under which an appointment is made.

In other words, the minute he moves over into the area of doing anything in connection with the current operations of the Government,

he must then be appointed under the provisions of 710 (b) and (c) and is subject to all of the restrictions contained in those sections.

Mr. MULTER. That being so, why should not the law be amended so as to make that mandatory, rather than leaving it discretionary with any agency or governmental head?

Dr. FLEMMING. Well, Mr. Congressman, the President, in his order, and the Director of ODM in his order, have not made it discretionary. They have made it mandatory.

Mr. MULTER. By executive order?

Dr. FLEMMING. That is correct.

Mr. MULTER. He can revoke that order if he wants to?

Dr. FLEMMING. That is true.

Mr. MULTER. My question is, if we have made it mandatory in one section of the act as to one group, why should we make it discretionary as to another group?

Dr. FLEMMING. Obviously I could not quarrel with the suggestion that that part of the President's Executive order and of my own order be made a part of the law. I have no objection to that at all.

Mr. MULTER. Did any of the WOC's in your department fail to furnish or refuse to furnish the information required by section 710, as amended?

Dr. FLEMMING. I know of none. That is why I said that the provisions which have been written into the law have not impaired our ability to acquire the services of such persons.

Mr. MULTER. I do not have the newspaper item in front of me, unfortunately, but there was some newspaper publicity indicating that some of these WOC's have refused to furnish the information and given up their connections with Government. Did that happen in your department?

Dr. FLEMMING. It did not happen in our department and, Congressman, I think that is just a little confusing, because other departments did what we did. Where we were not using a person actively we did not even request him to furnish the information. We simply dropped him. At any time that we need his services, we will ask him to furnish the information.

Mr. MULTER. Dr. Flemming, you are a member of the President's Advisory Committee on Government Organization?

Dr. FLEMMING. That is correct.

Mr. MULTER. Does that committee have jurisdiction to review what departments are using WOC's, and to what extent?

Dr. FLEMMING. No, Congressman, that is simply a committee appointed by the President to advise him personally on organizational matters that might be referred to him, or organizational proposals that he wanted us to take a look at. Under the provisions of the law as I recall it, the Chairman of the Civil Service Commission is required to survey the use of the WOC's and the WAE's and to make a periodic report to Congress.

Mr. MULTER. The report is made to the President and to the Joint Committee on Defense Production?

Dr. FLEMMING. That is correct.

Mr. MULTER. Does the Business and Defense Services Administration of the Department of Commerce cooperate with your department?

Dr. FLEMMING. Mr. Multer, we have delegated certain authorities

to account to the Secretary of Commerce, and in many instance he, in turn, relies on BDSA to carry out those delegations.

Mr. MULTER. Is it your duty to oversee the entire operation of those functions which you have delegated to Commerce and which it, in turn, has delegated to the Business and Defense Services Administration?

Dr. FLEMMING. I feel that I should function in this way—that I should set the policies under which these various programs are to be carried out, I should delegate authority to act to operating departments and agencies, and then I should check up, from time to time, to see to it that they are acting in conformity with the overall policies.

Mr. MULTER. Do you see any reason why that division of Commerce should not follow the law as laid down in section 710 with reference to WOC's?

Dr. FLEMMING. I do not see any reason, but I think they are required to follow it. There is not any question about that in my mind.

Mr. MULTER. If they are not following it then you ought to seek some other agency to do the work that you have delegated to that department?

Dr. FLEMMING. If they are not following it they are obviously in conflict with the law and that is a matter that the Congress had placed with the Chairman of the Civil Service Commission.

Mr. MULTER. Of course, this next question, I suppose, should be directed to the Secretary of Commerce rather than you, but in view of your very necessary interest in the functions of the Department, perhaps you can answer it.

The Congressional Directory for this session of Congress shows that in this division of the Department of Commerce—BDSA—they still have, out of a total of 20 directors in the industry divisions, 16 WOC's as directors, and only 4 full-time directors, while they have some 20 deputy directors who are full time, and 3 WOC's.

I do not know what the situation is with reference to those WOC's and directors since the first of the year or since this directory was published, but that seems to be in direct violation of the law, to have these directors, who serve on a 6 months' basis, WOC's who serve on a 6 months' basis, as directors of these divisions.

Dr. FLEMMING. Mr. Congressman, it seems to me that that is a question that should be addressed to the Secretary of Commerce, because what I do is to, as I say, delegate authority to act and then check up to see that action is taken in conformity with the overall policies.

I do not have any responsibilities for the internal administration of the Department of Commerce. The only outside agency that has any responsibility in this area would be the Chairman of the Civil Service Commission.

Mr. MULTER. I understand from Mr. Brown that his committee, of which he is chairman, the Joint Committee on Defense Production, has been sitting on this and trying to get it straightened out. But I will also address my question to Mr. Weeks when he comes before us, but I do suggest to you, since these are functions you have delegated, that you also should look into it.

I think it is incumbent upon you, Dr. Flemming, and I do respectfully make the suggestion, that you do see that any function of your

department which is delegated to another department is going to be carried out by persons acting in strict accordance with the law.

It may be that at the time the information went to the directory they did not have time to change over, but it does not seem reasonable to me to think that from the time we passed these amendments to the Defense Production Act, in August of 1955, up to the beginning of 1956, that they did not have time to make the changes.

It seems to me an alarming situation that out of 20, they still have 16 WOC's directors of departments, when it is contray to law. My opinion is that if the reputy director who is a full-time paid employee, cannot do the job of director, he should not be there as deputy director, having in mind that his director is changing every 6 months.

Dr. FLEMMING. I am just no in a position to comment on that, Congressman.

Mr. MULTER. There has been some talk about the administration having prepared some standby controls, proposed standby control legislation. Can you tell us anything about that? By "talk," I mean newspaper items.

Dr. FLEMMING. Congressman, obviously one of our responsibilities in the general planning area encompasses the whole field of stabilization, and we are constantly trying to keep ourselves in a position where if it became necessary to move into general mobilization we could come before this committee with specific proposals for the committee to consider.

Mr. MULTER. Have those specific proposals been brought to the point where you have a proposed bill ready to submit in the event it becomes necessary?

Dr. FLEMMING. It is not in the form of a proposed bill. What we are trying to do is to clear up in our own minds the kind of basic principles that would underlie any proposal of that kind.

Mr. MULTER. I think we can agree that as of today there is no need for controls.

Dr. FLEMMING. That is right.

Mr. MULTER. General controls, other than we have on the statute books.

Dr. FLEMMING. That is correct.

Mr. MULTER. There is no need today to enact any law permitting the Federal Government to control anything beyond what we have now in your administration?

Dr. FLEMMING. That is right.

Mr. MULTER. We do not need any price control, we do not need any general embargoes or things of that kind?

Dr. FLEMMING. That is correct.

Mr. MULTER. We do not need any wage controls?

Dr. FLEMMING. Correct.

Mr. MULTER. At this time.

Dr. FLEMMING. That is our position.

Mr. MULTER. In the event, however——

The CHAIRMAN. Will the gentleman yield?

Mr. MULTER. Yes.

The CHAIRMAN. The doctor said he does not want any controls at the present time in his statement, as I understand it.

Dr. FLEMMING. That is correct.

The CHAIRMAN. He does not want any controls, and if he subsequently wants controls he will ask the committee.

Dr. FLEMMING. That is correct.

Mr. MULTER. I observed that in his statement, Mr. Chairman.

Dr. Flemming, in the event it becomes necessary to mobilize the country, in the event of hostilities being commenced, we would then need controls to a much greater extent than we have today?

Dr. FLEMMING. In my judgment we would; yes.

Mr. MULTER. And that would include overall controls, price controls, wage controls, allocations of materials and whatnot?

Dr. FLEMMING. Let me put it this way: Again, I have to break down a question of that kind. You appreciate we could be called upon to enter into general mobilization under varying sets of circumstances?

Mr. MULTER. Yes, sir.

Dr. FLEMMING. I would say, however, that if it became necessary for us to move into a period of general mobilization as a result of hostilities, we would certainly then want to come before this committee and ask for authority to impose overall controls.

After the authority had been granted, it might not be necessary to impose those controls the next day, or it might be. I do not know. It would depend on the conditions that might exist at that time. But I would certainly feel that it would then be necessary for us to come before the committee and ask for additions to the Defense Production Act just as I suggested to the chairman.

Mr. MULTER. While all of us hope that nothing is going to happen in the immediate future or in the far future, these hostilities, if they break out, might break out at a time when Congress is not in session.

Dr. FLEMMING. Yes, sir; but I am assuming now mobilization without attack on this country, and that Congress would respond very quickly to a call to a special session, and with modern methods of transportation I do not think it would take very long for this committee, for example, to be sitting and ready to listen to any proposals we desired to make.

Mr. MULTER. You do not think we should have standby control legislation on the books now, when everything is peaceful and calm, relatively speaking, when putting such law on the books would not arouse a psychologically bad reaction, economically. You do not think it would be wise to do it now as against the time when the President may have to use them in the event of hostilities?

Dr. FLEMMING. Our position has been that it would not be wise to do that, Congressman.

The CHAIRMAN. I have no doubt if any great emergency occurred, Congress would come back very quickly.

Dr. FLEMMING. That is right.

The CHAIRMAN. And could consider controls at that time.

Dr. FLEMMING. That is right.

Mr. MULTER. And our experience thus far has been that it has been a matter of months even after Congress has been brought back, even when Congress is assembled immediately, it takes months to get control legislation on the books. Has not that been our past history?

Dr. FLEMMING. That has been our past history but in this as in other areas we have been forced to profit by our experiences and I feel that the executive branch would be in a much better position to

place a program before the Congress, and I feel that the Congress would recognize the absolute necessity and urgency of acting very quickly and promptly and would do so.

Mr. MULTER. I think when that time comes we will have the same trouble of trying to roll back prices and everything else, which we have learned that we cannot do. I think we are making a serious mistake in not having standby control legislation on the books, ready to be put into effect by Executive order when the time arises if it becomes necessary.

Dr. FLEMMING. I appreciate there are those who lean to the point of view that you have expressed and I respect the sincerity of your position on that point.

As you know, we have tried to weigh it very carefully and have decided that in the long run we would get better results doing it in the way I have suggested. Because first of all, it seems to me that it would be very difficult for us to sit here today and visualize the kind of a law that we should put on the statute books.

Mr. MULTER. Standby controls ought to be a very simple operation, and its details can then be worked out in the period of months after the emergency occurs. But this is another area where I hope you are right and I am wrong.

Dr. FLEMMING. All right.

Mr. WIDNALL. Dr. Flemming, I, too, would like to compliment you on your forthright and excellent testimony.

Dr. FLEMMING. Thank you.

Mr. WIDNALL. Personally, I resent any implications or inferences that are made from time to time, that to obtain patriotism and honesty in Government you have got to put somebody on the public payroll. I am very much interested in the testimony that you have given, saying that you felt the same low percentages pertained, as to violations of trust, with the WOC people as to those in civil service.

I sometimes think that some people are a little bit afraid that the program they have in Switzerland might spread to the United States, where the President and the members of the legislature serve without compensation.

Mr. VANIK. I would like to ask you, Doctor, what is the aggregate of the quick amortization certificates which have been granted to this time, in dollars?

Dr. FLEMMING. In dollars, it approximates $21 billion. May I just add to that this statement; The total capital investment contemplated by the certificates runs around 35 billion dollars and of that amount approximately 60 percent on an average has been subject to the rapid tax amortization or a total of around $21 billion.

Mr. BOLTON. Doctor, that is since what time? Over what period?

Mr. VANIK. Since the initial inception of the program?

Dr. FLEMMING. Yes, sir, since 1950.

Mr. VANIK. That is the beginning of the program to this point?

Dr. FLEMMING. Yes, sir.

Mr. VANIK. Have you any estimate as to what this device has cost the country in lost income tax revenues?

Dr. FLEMMING. Mr. Congressman, we do not, and in my judgment it is absolutely impossible for anyone to figure that, because of the fact that our tax laws have a way of changing, over a period of time, and

the tax law could change in such a way, for example, that over a period of 10 years the Government would not lose anything.

Mr. VANIK. I have seen varying estimates, from $10 billion and upward of that amount, and I think it is important for your office to know the loss in tax revenues, because perhaps this is not as inexpensive a means of mobilizing the resources of the country as might otherwise be developed. Is it not important to know the cost?

Dr. FLEMMING. It would be a very helpful figure to have if it were possible to compile it, but, Mr. Congressman, it is just one of those figures, one of those situations that has so many unknown factors in it that it is impossible to compile.

Just as to one aspect, for instance, nobody knows whether all of this investment would have taken place without the rapid tax amortization or not. We have good reason to believe that in quite a number of instances the capital investment would not have taken place, and if the capital investment had not taken place, just think of the loss of revenue that there would have been, as far as the Government as a whole is concerned, because, after all, people do not benefit by this at all until they get to the place where they are earning profits, and then they begin to benefit. There are people today who say to me, "I am sorry that I ever took one of those certificates, because I think over a period of 15 to 20 years I would have been a lot better off if I had depreciated over the 20- or 25-year period instead of over the 5-year period."

There are industries, for example, which could have qualified at various stages of the program, which just have not touched it. My understanding is the telephone industry has never touched it. Other industries have not. So I mean it is that kind of a factor which makes it very difficult to strike a balance, and figure what the Government gained or lost.

Mr. BOLTON. So that, actually, what you are saying in effect is that you cannot specifically say there has been any loss of income taxes over a long-range period.

Dr. FLEMMING. We cannot. People have tried hard to arrive at some kind of an answer, but they just run up against these unknown factors.

Mr. VANIK. In going through your report, Doctor, when stockpile acquisitions are deferred, what effect does the deferment have on the price the Government must pay? For example, during the last year you practically deferred all acquisitions of copper because of civilian demand. What effect will that have on the price we will have to pay for the copper when we do acquire for stockpiling? Do we buy it at the fixed contract price of last year or at another price?

Dr. FLEMMING. The general policy we have followed is if the price is favorable to the Government we defer it. If the price situation that would exist when we started acquiring it is unfavorable from the Government's point of view, we cancel it.

Mr. VANIK. Last year we had commitments to purchase certain quantities of copper, a full year's supply, and the producers were under an obligation to deliver that copper to the Government, were they not?

Dr. FLEMMING. Under contract, that is right.

Mr. VANIK. At a certain set price? What was the contractual price at which they were to produce it?

Dr. FLEMMING. The situation in copper is like the situation in so many other areas. Some of the contracts called for furnishing it at market price. Other contracts called for furnishing it at a fixed price.

Mr. VANIK. When we permit the diversion of this copper and defer the acquisition of it where we have a fixed price agreement with a producer, we permit him to sell it at the market price. He therefore ends up on the better side of the bargain, in which the Government has permitted the copper to be sold on the open market, at a price higher than he agreed to convey it to the Government. Would there not be a profit accruing to him which would not otherwise be available?

Dr. FLEMMING. Here, again, it is a difficult area to generalize.

Mr. VANIK. You can compute it on a dollars and cents basis?

Dr. FLEMMING. I can take specific metals, specific situations, and give you a complete and detailed report.

Mr. VANIK. Would you include in your report—I know you are not prepared to do it at this time—but would you include in this statement or add it at the end of this statement, a list of those contracts where we had a fixed price relationship for the copper on which delivery was deferred last year? Is that possible?

Dr. FLEMMING. Mr. Congressman, I know what you have in mind. May we consider your request and then talk about a way of complying with the request that might not require the listing of literally hundreds of contracts? But could I say this, that my directives to the General Services Administration always include, for example, one expression; that they are to work this out in such a way as to make sure that there will be no windfall accrued to the producer that is under obligation to supply it.

Now, if you will permit me, I will be very glad to take some specific illustrations and show just exactly how that works out in various types of contracts and we will be glad to present that to you before we actually have it inserted in the record, to see whether or not it covers the point you have in mind.

Mr. VANIK. What concerns me is a conflict in policy with respect to tungsten as contrasted with copper. With respect to copper, we divert to the industrial market when we have fixed contracts, when Government could have diverted it to the market itself at a profit.

On the other hand, tungsten keeps piling up at a price twice the market price, and we seem to be unable to do anything about it.

It seems to me it would be prudent on the part of government to exercise itself just as wisely and judicially as a private business would. If we have a contract for copper at a low price, considerably lower than the market, we ought to be able to offset some of the cost of the tungsten program, utilizing fixed contracts.

I feel there is a conflict in policies. If we have one contract policy with respect to tungsten and another with respect to copper, they are inconsistent and cost the Government a considerable sum of money. I would like to see stockpiling in the nature of a self-liquidating program.

Dr. FLEMMING. You have introduced a number of important policy issues in your comments. First of all, with relation to tungsten. Tungsten is being acquired under a directive from the Congress,

and you are correct, we are in the process of acquiring more than is called for by either the minimum objective or the long-term objective.

If the Congress had not passed a special law relative to tungsten, we would not be in the position we are in of being forced to bring into the stockpile quantities that are in excess of our need.

You may recall that Congress passed another law, at the last session, which would have required us to go even further and the President vetoed that particular law.

Mr. VANIK. That is right.

Dr. FLEMMING. And, frankly, vetoed it on our recommendation because of the fact that we felt that it was not right to use defense funds to solve a nondefense problem. We do not deny that there is a problem, but we feel the Congress should tackle it as a nondefense problem and not as a defense problem.

Now, under the Stockpiling Act, the act itself says we are to make purchases of strategic and critical materials with due regard to the objectives set forth in section 1 of this act, and so forth, which purchases—and this is the important part—"shall be made so far as is practicable from supplies of materials in excess of the current industrial demand."

Now, we interpret the words "as far as practicable," to mean so far as practicable from the standpoint of national security, and when we are confronted with a situation such as we have been confronted within the field of copper, where the demand is greater than the current supply, we then, as we see it, are charged under the law with the responsibility of looking at our national security position and determining whether we cannot defer some of these deliveries without impairing our national security position, and that is what we have done.

Mr. VANIK. With that I have no argument. My only question is why not sell instead of defer? We could sell from our stockpiles at a fairly good return, at a profitable return with respect to the Government's investment. Why not sell and let the Government take advantage of the gain instead of the producer?

Dr. FLEMMING. Mr. Congressman, under the Stockpiling Act, you cannot sell from the stockpile.

Mr. VANIK. Should we not amend the act, then?

Dr. FLEMMING. Well, I will be very glad to discuss that. The act is very specific, and there is a lengthy history back of this provision, to the effect that once material goes into the stockpile, it is insulated, except where the President finds its release is necessary for the common defense.

The reason that many Members of Congress and many people outside of the Government were very much interested in having that particular provision inserted, was that they did not want to see this stockpiling program operate in such a way that you would have huge quantities of material hanging over the market, which could be disposed of almost at the whim of somebody in the executive branch of the Government.

Mr. VANIK. They wanted to avoid a dumping?

Dr. FLEMMING. That is correct.

Now, if at any time we feel that the condition of a particular stockpile is such as to justify disposing of some of the material in the stockpile, we can of course always come to the Congress with a specific program. But it has got to be a very specific one, the Congress would then have hearings on it, everything would be right out on top of the table, and there would not be any one of these quick maneuvers on the part of somebody in order to bolster a market or do something else to the market, and I personally think, Congressman, that from the long-term point of view, that the Congress was very wise in enacting the law in the way in which it did.

Just think, right now we have just under $6 billion worth of materials in the stockpile. I think it is a good thing for the country to know that no one can play with that stockpile.

Mr. VANIK. I agree, but what I suggested would not in any way have changed the stockpiling of copper last year. Instead of deferring, if you would have bought under contract and sold at the market price, the Government would have realized a profit, on its wisdom in entering into a sound contract. This would offset some of the mistakes we might make in acquiring materials in which there might be a surplus. It is conceivable also that this stockpile which you have appraised at a certain value today, may depreciate in the light of future prices.

Dr. FLEMMING. We could not do that legally.

Mr. VANIK. Do you feel that the authority would be unwise?

Dr. FLEMMING. I feel that, Mr. Congressman. But I will be more than happy to develop a memorandum for you on this point and be glad to discuss it with you and see if there is some point that I am overlooking, but my own feeling is that the act is sound as it is at the present time; that is, the Stockpiling Act.

Mr. VANIK. Yes. I would like to know specifically what we could have realized last year in the acquisition of the contracted copper, if we had offered it on the market at the prevailing price. What would have been realized by your office, by that kind of action?

Dr. FLEMMING. I want to make perfectly clear that the materials that were acquired for the stockpile could not be handled that way under existing law.

Mr. VANIK. I understand.

Dr. FLEMMING. On the other hand, materials that were acquired under expansion contracts of the Defense Production Act, you could have handled in that particular way, so I will address myself particularly to those contracts, and show you just why we handled them in the way in which we did.

Mr. VANIK. You see my point, Doctor?

Dr. FLEMMING. Yes.

TYPES AND EXAMPLES OF GOVERNMENTAL CONTRACTS FOR PROCUREMENT OF MATERIALS UNDER THE STOCK PILING ACT AND THE DEFENSE PRODUCTION ACT

I. STOCKPILE CONTRACTS

Stockpile contracts are either at fixed prices or market prices.

A. The fixed-price contracts are consummated at or about the market at the time of negotiation. When prices were controlled during the Korean emergency OPS approved ceiling prices higher than the general level for some domestic producers. Stockpile contracts were executed with a few companies at these ceiling prices.

Example:
Contract No. GS–OOP–7202
American Metal Co., Ltd.
Contract date: April 1, 1953
Delivery period: July 1953 to September 1954
Quantity: 15,000 tons maximum
Price: 30 cents per pound (delivered) [1]
Engineering and Mining Journal average domestic market price at time of contract: 29.902 cents (at refinery) [1]

By December 31, 1954, the company had delivered 11,001 tons to the stockpile and had diverted 4,000 tons to industry to be replaced at a later date. This copper has a contract value of $2,400,000, equal to the market value at the time of the diversion. The copper due the Government has a current market value of $3,680,000.

B. The market price contracts are based on the domestic market (Engineering and Mining Journal averages) at the time of delivery. A few contracts include a floor and/or a ceiling price.

Example:
Contract No. GS–OOP–461
Sherritt Gordon Mines, Ltd.
Contract date: April 19, 1951
Delivery period: January 1954 to December 1958
Quantity: 12,500 short tons of copper
Price: Average market at time of delivery
Engineering and Mining Journal average domestic market price at time of contract: 24.2 cents (at refinery) [1]

By December 31, 1955, the company had delivered 4,772 short tons of copper to the stockpile. Although authorized to defer deliveries to the stockpile and divert copper to industry since the fourth quarter of 1954, the company has preferred, instead, to deliver to the stockpile against its contract, delivering 3,733 tons between October 1, 1954, and December 31, 1955.

II. DEFENSE PRODUCTION ACT CONTRACTS

Contracts written under the authority of the Defense Production Act are designed primarily to increase the productive capacity or supply of the United States. The contracts include floor price contracts, purchase contracts, and maintenance of production contracts.

A. The DPA floor price contracts were developed early during the Korean emergency as a means of inducing private industry to expand the United States capacity to produce. Such contracts provide a guaranteed market at a little above the break-even point for a limited number of years. The terms permit the producer to offer or "put" the material under contract to the Government for the Defense Production Act inventory at the floor price if he cannot sell his output in the open market at that price or higher. On the other hand, the Government has the right of "call" for delivery of some or all of the expanded production at the market price at time of "call."

Example:
Contract No. GS–OOP–12129.
American Smelting & Refining Co.—Silver Bell.
Contract date: November 28, 1951.
Delivery period: December 1953 to May 1959.
Quantity: 88,500 short tons of copper.
Floor price: 24.5 cents per pound (delivered).[1 2]
Engineering and Mining Journal average domestic-market price at time of contract: $24.2 cents per pound (at refinery).[1]

This new project is now operating at capacity, producing at the rate of about 18,000 tons of copper per year. The contractor has had a steady demand for its copper and, therefore, has not exercised its rights under the floor-price provision of the contract. Because of high industrial demand and short supply the Government has not exercised its right of "call" for delivery of copper to the Defense Production Act inventory.

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[1] The difference between the refinery price and the delivered price is usually about 0.3 cent per pound.
[2] Subject to escalation.

B. DPA purchase contracts are written at fixed prices and in some instances at market price. Such contracts are designed to provide a market as encouragement for the expansion facilities.

Example:

DMP–80.
International Nickel Company of Canada, Ltd.
Contract date: May 29, 1953.
Delivery period: January 1954 to December 1959.
Quantity: 50,000 tons of copper.[1]
Price: 27 cents per pound (at refinery).[2]
Engineering and Mining Journal average domestic market price at time of contract: 29.683 cents per pound (at refinery).[1]

This contract is tied to a nickel-expansion program. By December 31, 1955, the company had delivered 18,635 tons of copper to the Defense Production Act inventory. Although authorized to defer deliveries and divert copper to industry the company has generally preferred to make its deliveries to the DPA inventory as per its contract schedules. In the fourth quarter of 1955 the company did divert 800 tons to industry. At that time the deferred delivery had a contract value of $451,000 and a United States market value of $688,000. Its present market value is $736,000.

C. DPA maintenance of production contracts were developed during the Korean emergency as a conservation measure. Fixed prices and rising costs had put a few mines into the submarginal category and these mines were threatened with closure at a time when continuation of supply was of the utmost importance to the Nation. In order to enable these mines to maintain production, subsidy prices were provided for a limited time for those mines which could qualify.

Example:

Contract No. DMP–92
Howe Sound Co.
Contract date: November 3, 1953
Delivery period: September 1953 to December 1955
Quantity: 9,350 tons of copper
Price: 31.5 cents per pound (delivered) [1]
Engineering and Mining Journal average domestic market price at time of contract: 29.651 cents per pound (at refinery) [1]

By December 31, 1955, the company had delivered 5,505 tons to the Defense Production Act inventory. From October 15, 1954, through December 31, 1955, the company had diverted to industry a total of 2,490 tons. Of this total, 1,750 tons have been canceled out of the contract and the balance of 740 tons is to be restored to the DPA inventory. The canceled portion of the contract had a contract value of $1,102,000 and a market value at the time of cancellation of $1,123,000. The deferred portions of the contract had a contract value of $466,000, a market value at time of deferral of $559,000, and has a current market value of $681,000.

Mr. Vanik. You are really a permanent agency of the Government and I believe you should be incorporated as a permanent agency of the Government in order that Government can pursue a permanent, lasting policy on this subject of mobilization.

That brings me to the next question.

Dr. Flemming. Might I say, in effect, that was done by the Congress when it approved Reorganization Plan No. 3 in 1953. It gives us a statutory base for our existence.

Mr. Vanik. Yes.

Well, last year, I asked you the same question about what steps were being taken to incorporate your office into the permanent structure of the Government, and my question today is, are you any closer to a recommendation than you were then?

Dr. Flemming. If I understand clearly what you have in mind, we are a part of the permanent structure of the Government.

Mr. Vanik. I mean incorporation as a separate department or within other departments so these functions could be permanently carried

[1] The difference between the refinery price and the delivered price is usually about 0.3 cent per pound.
[2] Subject to escalation.

on in accordance with the rules of administration of all Government offices.

Dr. FLEMMING. By law, we are a part of the Executive Office of the President, and I feel that is the proper place for an office of this kind. We are there by law. Congress has put us there. We are there on an indefinite basis, and the only way that could be changed would be for the Congress to change it or for the President to submit a new reorganization plan to the Congress, which of course the Congress would then have the right to veto under the reorganization acts.

I think the objective you have in mind has been realized. Of course, this basic act that we have to administer has had a time limit on it over the years.

The CHAIRMAN. There is a rollcall for a vote on the floor.

Dr. Flemming, we are very glad to have your views. You always state your case with ability and clarity, and we are always glad to hear them.

Dr. FLEMMING. Thank you, Mr. Chairman, it has been a privilege to be here, and if any further questions arise that I can be helpful on I will be very happy to come back.

The CHAIRMAN. Thank you very much.

The committee will recess to reconvene tomorrow morning at 10 o'clock.

(Whereupon, at 12:20 p. m., the committee adjourned to reconvene at 10 a. m., Wednesday, March 14, 1956.)

DEFENSE PRODUCTION ACT—1956

WEDNESDAY, MARCH 14, 1956

HOUSE OF REPRESENTATIVES,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D. C.

The committee met at 10 a. m., Hon. Brent Spence, chairman, presiding.

Present: Chairman Spence (presiding), and Messrs. Brown, Patman, Multer, O'Hara, Mrs. Sullivan, Messrs. Fountain, Reuss, Healey, Talle, Kilburn, McDonough, Betts, McVey, Hiestand, and Bolton.

The CHAIRMAN. The committee will be in order. We will resume hearings on H. R. 9852.

Secretary Weeks is our first witness. Mr. Secretary, you may proceed as you desire. If you have a written statement you may read it without interruption if you desire, and then subject yourself to interrogation.

STATEMENT OF HON. SINCLAIR WEEKS, SECRETARY OF COMMERCE, ACCOMPANIED BY HORACE B. McCOY, DEPUTY ADMINISTRATOR, BUSINESS AND DEFENSE SERVICES ADMINISTRATION, DEPARTMENT OF COMMERCE; FREDERICK MUELLER, ASSISTANT SECRETARY FOR DOMESTIC AFFAIRS; AND CARL F. OECHSLE, DEPUTY ASSISTANT SECRETARY FOR DOMESTIC AFFAIRS, DEPARTMENT OF COMMERCE

Secretary WEEKS. Mr. Chairman, I have a short statement, if I may read it. Then I shall be happy to try to answer questions.

I appreciate the opportunity to appear before this committee to support a further extension of the Defense Production Act of 1950, as amended, for a period of 2 years as is proposed in H. R. 9852, which I understand is presently being considered.

At the outset, let me stress what I consider to be the vital and continuing need for the authority presently conferred by the Congress on the executive branch by the Defense Production Act. It is now, while we are not engaged in active hostilities, that we as a nation can and must move effectively toward that state of reasonable mobilization readiness which, if we can attain it, could contribute immeasurably to our national survival and recovery upon the happening of that emergency which we all face. Indeed, by this means we may help to assure that such an emergency will not come about. The powers and authorities contained in the Defense Production Act as presently on the books lie at the very heart of this Government's plans and efforts to that end, both in the area of current military production and

construction and in the area of industrial mobilization. Let me say that in my opinion we are already well started on our way to reaching the necessary condition of national readiness.

As the committee is aware, I am sure, the Department of Commerce bears major responsibility for operations under the act which affect the greater portion of American industry. These operations, founded upon the authority contained in the Defense Production Act, represent a significant part of the broad responsibilities which have been assigned by the President through the Director of Office of Defense Mobilization to the Department of Commerce, both in the area of current defense production and in the area of industrial mobilization and readiness. Within the Department of Commerce, Defense Production Act functions are carried out largely by our Business and Defense Services Administration and also by the Bureau of Foreign Commerce, the Census Bureau, the Defense Air Transportation Administration, the Maritime Administration, the Civil Aeronautics Administration, and the Bureau of Public Roads.

To assure an uninterrupted flow of those products and materials required to meet this country's present substantial military and Atomic Energy Commission production and construction programs, the Business and Defense Services Administration currently maintains and administers a greatly simplified materials control system based upon the title I—priorities and allocations—provisions of the Defense Production Act. This system is commonly referred to as the Defense Materials System, DMS. Present levels of supply of materials and products are such that despite a few areas of tightness and shortage the requirements for national defense are not of sufficient magnitude to justify the use of the title I allocations powers to control general distribution in the civilian market in view of the very restrictive language in section 101 (b) of the act. However, the necessity for keeping in effect priorities and allocations powers to avoid delays and difficulties in meeting military and Atomic Energy Commission schedules continues to be demonstrated in recurrent requests from the services for numerous special priorities assistance under the act.

Likewise, there is necessity for keeping in force the authority for needed expansion of productive capacity and supply which is provided by title III of the act. In the administration of these powers the Department of Commerce plays a significant role. Units of the Department maintain constant touch with those industries supplying products and services essential to the Nation's mobilization program. From time to time they make special studies of available production capacity to meet mobilization requirements for the products of the industries assigned to them. The information thus gained affords the basis for recommendations and advice by this Department to the Director of Office of Defense Mobilization respecting proposed action by the Government in exercise of the expansion powers under the act. In addition to recommendations regarding expansion goals, this Department makes recommendations to the Office of Defense Mobilization in connection with applications for accelerated tax amortization certificates under the Internal Revenue Code.

The contribution made by WOC's since the start of the Korean conflict has been of inestimable value in attaining an adequate mobili-

zation preparedness posture. Without the continuation of this program and the patriotic assistance of the WOC's, the task of this Government in preparing for possible catastrophic emergencies would be infinitely more difficult. It seems anomalous, therefore, that unusual restrictions and inhibitions have been placed upon their employment. I strongly urge, accordingly, that this committee give careful consideration to the elimination from the Defense Production Act of what I consider a most objectionable provision of the law—the requirement that WOC's submit statements of their financial interests. This provision of the act, in effect, provides two standards for Government employment, one for salaried employees and one for those who serve their Government without any reward other than the satisfaction of performing an invaluable service for their country. I think it strange indeed that the latter group should be subjected to the requirement for public display of their financial interests. This, in my opinion, is an invasion of their right of privacy, which I find extremely difficult to justify.

I note that H. R. 9852 would provide for a 2-year extension. In view of the current international outlook I would think that a 2-year extension in place of the previous extension of 1 year is fully justified. I strongly urge that the committee report favorably on a 2-year extension, thus enabling longer range planning and accomplishment in the field of mobilization readiness.

That, Mr. Chairman, is the statement of the Commerce Department in support of this measure, which we think is very vital to the security of the country in planning for emergency. Thank you, sir.

The CHAIRMAN. All of these powers are exercised by your Department, and the Defense Production Administration. They were delegated to you by the President?

Secretary WEEKS. The President delegated them to Dr. Flemming, Director of the Office of Defense Mobilization. They, in turn, by his authority, granted him or delegated certain of the powers to the Department of Commerce.

The CHAIRMAN. Have you any authority over the powers that were delegated to the Defense Production Administration?

Secretary WEEKS. No, sir.

The CHAIRMAN. You have no power to veto or approve or disapprove?

Secretary WEEKS. No, sir; except as the Secretary of Commerce sits on the Defense Mobilization Board, which does discuss and settle on matters of high policy in connection with mobilization planning.

The CHAIRMAN. Now, in the Business and Defense Services Administration of the Department of Commerce, how many committees have been appointed?

Secretary WEEKS. We have 25 industry divisions, as they are called, Mr. Chairman.

The CHAIRMAN. How many directors of the industry divisions are WOC?

Secretary WEEKS. At the present time 14 industry divisions are directed by WOC's, and 11 by career people.

The CHAIRMAN. What was the employment of those people before they were assigned—or their employment now, probably, to various divisions? Were they actively engaged in the production of the materials which the division has charge of?

Secretary WEEKS. We have 34 WOC's in BDSA at the present time. Twenty-one are in the industry divisions, 14 of whom are directors of the particular industry division, and then there are 13 on a consultant basis. They all, if I understand your question correctly, they all came from industry, but once they arrive on the scene they take an oath of office similar to the one that I take or anyone takes, and they become a Government employee, so to speak, and they divorce themselves from their business entirely.

If any question comes up involving the interest of a company from which they are loaned, they immediately disqualify themselves and take no part in any decisions that would affect that company.

The CHAIRMAN. It is your opinion they do that uniformly, without any suggestion?

Secretary WEEKS. It is my opinion that they are very high quality personnel, and they conduct themselves with very scrupulous integrity and they serve the Government, just as I am trying to serve it, without fear of favor as far as their previous connection is concerned.

I have great confidence in the type of service they give.

The CHAIRMAN. Each one of those men, though, come from the industry over which the division has jurisdiction?

Secretary WEEKS. Yes, they do. From different industries.

The CHAIRMAN. But the industry they have been alined with is the industry over which this division has jurisdiction. Do they have any voice in policy making?

Secretary WEEKS. No, they do not. The law, as it was amended last year, the Defense Production Act, specifically restricts their activities to those of an advisory character. They have, by statute today, no part in policy decision, and, as a matter of fact, following the passage of the act last year, three assistant administrators whom we have very immediately made career people so that everybody on a policy level—the administrator, the deputy administrator, and the three assistant administrators of BDSA are all career, full-time Government people.

The CHAIRMAN. Were you in favor of that restriction in the law?

Secretary WEEKS. I am perfectly happy to have it there. That was the way we had used them previously. I didn't at the time think that it was essential from the standpoint of the operation, but we were very happy to carry on with that provision. I think it hasn't in effect changed the operation, because policy was decided by people permanently of the Government service.

The CHAIRMAN. What influence is there? Suppose you put a man at the head of one of those divisions and his purpose was to favor his industry. How much influence would he have in that position to do that, to give him an undue advantage over other competitive industries, and to put him in a preferential place?

Secretary WEEKS. Well, I don't think his purpose was to favor an industry with which he had been connected. If so, he would have been powerless to do so. We are all working in the open, and he doesn't have any action or policy decisions to make—purely advisory and functional, and I don't think that he would have any power to help his industry, to the disadvantage of another industry.

Of course, each industry in this setup has its place in the sun. It would to my mind be pretty difficult to find out and differentiate and

distinguish between industries. They all have their job to do and their functions to perform in our mobilization preparedness and in the work of the building of a defense establishment; so I would have no fear on that score, Mr. Chairman.

The CHAIRMAN. Well, I realize that if he intended to do that he wouldn't do it in the open. He would do it in a way that would not disclose his intentions. You don't think any of them have used their power to benefit their own interests?

Secretary WEEKS. I do not, sir. I think in the first place they are men of character and integrity. We know about them before they come. They have standing in their community. I am positive they will not come down here to take any action that they shouldn't, and I don't think if they attempted to they would be able to under our setup. This WOC program gives us a tremendously close liaison with business and by having a share of our people from industry and a share of them on a career basis we get a revolving contact with people coming from business who are able to tell us in great detail about how the approach might well be made to a business problem.

It is a very good system, and it is building a reserve. We are not in this program thinking solely of today. We are thinking of the possible trouble that may come to this country when we will need this reserve of men who know how the wheels go round here and can come in and help.

The CHAIRMAN. Do you search for these men? Do you discover the people you think can help or do they offer their services as a rule?

Secretary WEEKS. No. We go to the industry, for example. If the industry has a trade association in which they are represented, we may talk to them. Or suppose we have a man today representing that industry. We need another one to take his place because they turn over on about a 6- to 9-month basis, and we need another man and we may go to the industry association and have them try to help us pick out someone. We do it in a variety of ways, but we try to get good men who are willing to come down here and give their time to their country on this short-time basis.

The CHAIRMAN. Are those men usually the chief executives or are they subordinates of the companies?

Secretary WEEKS. In some instances they are men who have actually retired from the business. In the particular company they are with they may have reached the retirement age and they go on the retirement roles, and we have some of those. Except in rare instances, we have none of the heads of companies. We have heads of divisions, vice presidents of the companies, and heads of departments, sales managers, and whatnot. They occupy responsible positions in their company, but rarely the headman.

The CHAIRMAN. Are they usually authorized or selected by trade associations?

Secretary WEEKS. No. There are none selected by them. Their names are suggested. We make the final selection. We satisfy ourselves that a particular man is suited for the position that we need to fill, and we give him a very good indoctrination and briefing on what his duties and responsibilities are, and he holds his hand up and takes his oath of office and becomes a Government servant, just as I am or anyone else.

The CHAIRMAN. You want this act extended for 2 years?

Secretary WEEKS. Yes, sir. I think, with world conditions as they are, I think we are sure to have occasion for adequate preparedness in building our mobilization bases, and so forth. I think it would be very well to keep it going for 2 years.

The CHAIRMAN. Would you recommend any additional powers, or that it be extended as it is?

Secretary WEEKS. We are for the bill as it is.

The CHAIRMAN. You don't think you ought to have powers of search and condemnation or stabilization of prices and wages or any of those?

Secretary WEEKS. No. I think, Mr. Chairman, that the controls that are in existence today are adequate for the purpose, and I think we can go along without any change in those controls. I don't think we need them at this time.

The CHAIRMAN. Are there any questions?

Mr. BROWN. Mr. Secretary, I noticed in section 710 the law reads this way——

Secretary WEEKS. Which section, sir?

Mr. BROWN. 710.

Heads of departments and agencies shall take steps to avoid to as great extent as possible any conflict between governmental duties and private interests of personnel.

Are you carrying out this section?

Secretary WEEKS. Are you reading from page 20, sir?

Mr. BROWN. I don't know. It reads this way, "Heads of departments"——

Secretary WEEKS. In the appointment of personnel and assignment of duties, the head of the department shall take steps to avoid as much as possible any conflict between governmental duties and business interests; is that the one?

Mr. BROWN. Yes, sir.

Secretary WEEKS. We certainly do everything we can to see there is no conflict of interest. I, myself, nor would my associates, tolerate it for a second. Just occasionally there might be a possibility of a situation where the interest of a company from which a man may be loaned might be involved. In that case he would disqualify himself, just as a judge of a court would disqualify himself if he didn't feel that he could properly judge a case. We are on that all of the time.

Mr. BROWN. I think that is one of the most important things which we placed in the bill last year. I am glad to know that you are carrying this section out to the best of your ability.

Secretary WEEKS. We are, sir.

The CHAIRMAN. Mr. Secretary, do you think these people who have just recently come from industry, and have been given duties to perform for the Federal Government that are very important, disapprove the requirement that they should state their interest?

I wouldn't think they would feel that that was any reflection upon them. I would think they would be glad to do that. Do you find them resentful of that?

Secretary WEEKS. Well, you mean the financial interests?

The CHAIRMAN. Yes.

Secretary WEEKS. No. I don't say they are resentful or intimate that they are. Of course, they are the only people connected with the Government required to make such a disclosure. The rule of privacy in a man's personal affairs is pretty well established in the Internal Revenue Codes, for example, and I have felt that it was a little unfair to make them disclose their personal financial interests, but they have done it, and done it without question, to conform to the statute as it is presently written, sir.

The CHAIRMAN. Don't you think there is an exception? They have been taken from industry, where they have been greatly interested, and they have been put into Government to advise the Government and maybe have some effect on policy that would be beneficial to their interests and their holdings. Don't you think they would be glad to report that in order to show the situation, and let their policies and let their actions be governed and judged in accordance with their interests? I should think they would be glad to do that. It seems to me that would be a protection to them.

Secretary WEEKS. I think a man that would need that to be a proper member of the team as a WOC, if he needs that publicity to keep him on the line, I wouldn't want him anyway, because we want men there that are men of character and integrity, and that will have no part of a conflict of interest. I think it is always distasteful to people. I think they would rather have the privacy that you and I enjoy in our relationship with the Government, sir.

The CHAIRMAN. I think that is absolutely true. I think a man shall be secure in his person, papers, and home, and all that, but it seems to me there is a little difference in the ordinary privacy that is given a man by law and privacy that a man should have if he is taken from industry to serve his Government in matters affecting industry.

It seems to me that it is no reflection on him to let the public know what his interests are so they can judge his conduct in regard to that.

Secretary WEEKS. Well, the only way I can put it is that I think if he wasn't all right without it he wouldn't be all right with it, and if he isn't all right without, I wouldn't want him anyway.

The CHAIRMAN. The men that are all right are not so meticulous about those things. It is the fellow that is not all right, and I think the fellow that is all right wouldn't care. That is the way I feel about it.

Are there any further questions?

Mr. PATMAN. Mr. Chairman.

Doctor, do you have something?

Mr. TALLE. I will defer for the moment.

Mr. PATMAN. That is all right. Go ahead.

Mr. TALLE. Mr. Secretary, I like your statement very much.

I believe firmly that any man who is a man in the real sense puts a very high value on his reputation. Isn't that right, Mr. Secretary?

Secretary WEEK. I think he does, sir.

Mr. TALLE. And any man who goes into Government in the capacity of WOC has made a good reputation before entering upon such service; is that right?

Secretary WEEKS. Yes, sir; he has arrived in his own business so that he has some reputation for ability, character, and so forth.

Mr. TALLE. And certainly he would think twice and more times before he would permit any act of his to destroy that reputation, particularly as a servant of the Government.

Secretary WEEKS. Well, if he wouldn't think twice and three times I wouldn't want him around.

Mr. TALLE. That is why I fail to understand the fear that some people have of these persons. America's capacity to produce is certainly an outstanding factor in our success in domestic as well as foreign affairs, is it not, Mr. Secretary?

Secretary WEEKS. Yes, sir.

Mr. TALLE. These are people who know business and know technology. I wouldn't want a man who doesn't know anything about the thing he is to deal with. We cannot expect to get expert service from people who do not possess the knowledge that qualifies them to bear the title of experts.

Thank you, Mr. Chairman.

Mr. PATMAN. Mr. Chairman.

Mr. Secretary, you testified last year, and you were requested to place in the record, which you did, the names and other information of the Business Advisory Council for the Department of Commerce, and I would like to ask you to bring the list up to date and to note any changes that have been made, if you please.

Secretary WEEKS. I would be very happy to.

Mr. PATMAN. That commences on page 56 of the hearings of last year.

Commencing at page 68 of the hearings of last year, there is another list of people who have industry officials employed without compensation in NPA and also BDSA. I would like for you to bring that list up to date, also, if you will, Mr. Weeks.

Secretary WEEKS. We will.

(The data requested above is as follows:)

BUSINESS ADVISORY COUNCIL FOR THE DEPARTMENT OF COMMERCE

Membership, February 1956

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Eugene Holman, chairman.
S. D. Bechtel, vice chairman.[1]
Crawford H. Greenewalt, vice chairman.
T. V. Houser, vice chairman.[1]
Sidney J. Weinberg, vice chairman.
Walter White, executive director.

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S. D. Bechtel.[2]
John D. Biggers.
James B. Black.
Harold Boeschenstein.
Ralph J. Cordiner.
Donald K. David.
Crawford H. Greenewalt.
Eugene Holman.
T. V. Houser.
Fred Lazarus, Jr.
Geo. H. Love.
J. P. Spang, Jr.
Robert T. Stevens.[2]
John C. Virden.
Sidney J. Weinberg.

[1] New Vice Chairman.
[2] New members of executive committee.

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Fred Bohen, president, Meredith Publishing Co., 1716 Locust Street, Des Moines 3, Iowa.
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James V. Carmichael, president, Scripto, Inc., 423 Houston Street, Atlanta 2, Ga.
Walker L. Cisler, president, Detroit Edison Co., 2000 Second Avenue, Detroit 26, Mich.
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Charles E. Wilson, Secretary of Defense, Washington 25, D. C.
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R. R. Deupree, chairman of the board, The Procter & Gamble Co., Cincinnati 1, Ohio.
John M. Franklin, president, United States Lines Co., 1 Broadway, New York 4, N. Y.
Charles R. Hook, chairman, Armco Steel Corp., Middletown, Ohio.
A. W. Hughes, president, J. C. Penney Co., Inc., 330 West 34th Street, New York 1, N. Y.
James S. Knowlson, chairman of the board, Stewart-Warner Corp., 1826 Diversey Parkway, Chicago 14, Ill.
Reuben B. Robertson, Jr., Deputy Secretary of Defense, Washington 25, D. C.
Juan T. Trippe, president, Pan American World Airways System, Chrysler Building, New York 17, N. Y.
Thomas J. Watson, Jr., president, International Business Machines Corp., 590 Madison Avenue, New York 22, N. Y.

MEMBERS RETURNED FROM GRADUATE STATUS TO ACTIVE STATUS

S. D. Bechtel, president, Bechtel Corp., 155 Sansom Street, San Francisco 4, Calif.
Lucius D. Clay, chairman, Continental Can Co., Inc., 100 East 42d Street, New York 17, N. Y.
Joseph B. Hall, president, the Kroger Co., 35 East Seventh Street, Cincinnati 1, Ohio
E. H. Lane, president, The Lane Co., Inc., Altavista, Va.
Earl M. McGowin, vice president, W. T. Smith Lumber Co., Chapman, Ala.

NEW MEMBERS, 1956

Robert B. Anderson, president, Ventures, Ltd., 230 Park Avenue, New York 17, N. Y.
Devereux C. Joseph, chairman, New York Life Insurance Co., 51 Madison Avenue, New York 10, N. Y.
Frank Stanton, president, Columbia Broadcasting System, Inc., 485 Madison Avenue, New York 22, N. Y.

DECEASED GRADUATE MEMBERS, 1955

William H. Danforth, St. Louis, Mo., December 1924
A. P. Greensfelder, St. Louis, Mo., April 1918.
Robert H. Patchin, New York, N. Y., July 1901.
George A. Sloan, New York ,N. Y., May 1920.

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Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
** Abbott, Edward	Consultant, Food Industries Division	11/18/55 —	Assistant to Vice President, Abbotts Dairies, Inc., Phila., Penna.
Adams, Henry J.	Advisor (Materials Requirements)	10/29/51-2/15/52	Sales Engineer, Iowa Mfg. Co. Cedar Rapids, Iowa
* Adams, Clyde M.	Deputy Director, Aluminum and Magnesium Division	1/27/54-5/18/54	Vice President, Bohn Aluminum and Brass Corp., Detroit, Michigan
	Director, Aluminum and Magnesium Division	5/19/54-8/19/54	
	Consultant	8/20/54-11/15/55	
Adams, Thomas R.	Chief, Product Distr. Br. Metalworking Equipment Div.	5/8/52-7/19/52	Vice President, A. V. Wiggins Co., Inc. Syracuse, New York
	Asst. to Director (Machine Tools	7/20/52-9/26/52	
Addams, Charles D.	Chief, Bearings Branch General Components Div.	12/12/51-5/8/52	Executive Vice President Bearing Co. of America, Lancaster, Pa.
Agnew, John F.	Chief, Shovels, Axes, Steel Goods Sect., Gen. Components Div.	6/28/51-9/28/51	Regional Sales Manager, True Temper Corp., New Cumberland, Pa.
Aimer, James K.	Chief, Gasket & Packing Sec., General Components Div.	5/13/52-6/15/52	Manager, Railroad Dept. Walworth Co., New York, New York
	Chief, Valves Section General Components Div.	6/16/52-9/12/52	
Akridge, Sidney J.	Industrial Analyst (Machine Tools) Metalworking Equip. Div.	4/1/52-7/7/52	Manufacturing Staff Assistant Chrysler Motors, Detroit, Michigan
Allen, Charles B.	Advisor (Brass Mill Allocations) Copper Division	1/22/52-12/5/52	Chief Statistician, American Brass Co. Waterbury, Connecticut
*Allison, George L.	Asst. Chief, Mat. Conservation Branch, Rubber Division	6/26/51-10/13/51	Technical Manager, Information B. F. Goodrich Co., Akron, Ohio
	Advisor, Rubber Mat. Content, Conservation Br.,Rubber Div.	10/14/51-6/30/53	
	Advisor, Rubber Mat. Content, Conservation Br.,Rubber Div.	7/1/53-11/15/55	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*Altrup, Felix W.	Consultant, Miscellaneous Metals & Minerals Div.	10/21/53-11/15/55	Vice President, Government Sales C & D Batteries, Inc., Washington, D.C.
Anderson, Arthur O.	Asst. Chief, Brass Mill Branch, Copper Division	1/5/53-5/27/54	Assistant Sales Manager, Revere Copper and Brass, Inc., New York, New York
Anderson, Edward D.	Chief, Heater Exchange Section, Engine & Turbine Division	9/19/52-12/20/52	Chief Engineer, Western Supply Co. Tulsa, Oklahoma
Anderson, Edwin I.	Industrial Analyst (FarmMach.) Agri. Machinery & Implements Div.	1/3/52-7/6/52	Staff Asst. to Works Manager Inter. Harvester Co., East Moline, Ill.
Anderson, James S.	Chief, Tube Section, Iron and Steel Division	6/26/51-11/30/51	Asst. General Sales Manager Babcock & Wilcox Co., Beaver Falls, Penna.
Anderson, John B.R.	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	4/17/52-10/17/52	Resident Service Metallurgist-NY District U. S. Steel Co., Pittsburgh, Penna.
*Anderson, Ralph O.	Asst. Chief, Abrasive Section, Chief, Abrasive Section	4/26/51-4/22/52 4/23/52-8/24/55	District Manager, Norton Co. Pittsburgh, Pennsylvania } now retired
Anderson, Warren D.	Chief, Bearings Branch, General Components Div.	6/18/52-9/26/52	Assistant Chief Engineer Norma-Hoffman Bearings Corp., Stamford, Conn.
*Andrews, Paul B.	Commodity Ind. Anal. GS-15	1/12/51-12/12/51	Manager, Merchandise Sales
	Deputy Director, Copper Div.	12/13/51-6/16/52	Revere Copper and Brass., Inc.
	Director, Copper Div.	6/17/52-12/22/52	New York, New York
	Advisor (Copper)	12/23/52-6/30/53	
	Advisor (Copper)	7/1/53-11/15/55	
Ange, Charles W.	Chief, Production Facilities & Tech. Sec., Copper Division	7/30/51-12/8/51	Research Engineer, The Okonite Co. Passaic, New Jersey
	Chief, Production & Facilities Section, Copper Division	12/9/51-6/27/52	
Archerd, Wayne R.	Advisor (Iron & Steel)	2/11/52-11/13/52	Asst. to Comptroller, Bethlehem Steel, Bethlehem, Penna.
Arden, Frederic	Commodity Industry Analyst Chemical Division	1/26/51-12/12/51	Director, Market Research Mathieson Chemical Corp.
	Industrial Analyst (Chemicals) (Asst. to Director) Chemical Div.	12/13/51-2/7/52	Baltimore, Maryland
	Deputy Director, Chemical Div.	2/8/52-2/15/52	
Arenson, Edward B.	Advisor (Production Controls)	6/27/51-8/5/52	President, Toledo Iron and Steel Co. Toledo, Ohio

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
* Armstrong, Frank L.	Chief, Facilities, Distribution and Inventory Branch, Metalworking Equipment Div.	11/2/54-5/1/55	President, Marshall & Huschart Machinery Co., Chicago, Illinois
	Consultant, Metalwork.Equip.Div.	5/2/55-11/15/55	
Bailey, Edward	Chief, Spec. Paper and Food Board Sec., Pulp, Paper and Paperboard Division	2/12/52-8/8/52	Sales Representative Inter. Paper Co. New York, New York
Bailey, Frank R.	Expert (High Alloy Rolled Castings), Iron & Steel Div.	4/19/51-12/2/51	Manager, Special Activities International Nickel Co., Inc.
	Asst. Chief, Nickel Section Iron and Steel Division	12/3/51-3/29/54	New York, New York
	Advisor (Nickel) Iron & Steel.	3/30/54	
Baker, Roland D.	Industrial Analyst (Heat Exchangers) Engine & Turbine	2/11/52-5/27/52	Manager, Washington District Ross Heater & Mfg. Co., Inc., of
	Chief, Heat Exchanger Section Engine and Turbine Division	5/28/52-6/30/52	Buffalo, New York
* Baldenhofer, Ralph R.	Consultant, Metalworking Equipment Division	1/24/55-2/3/55	Executive Vice President and Treasurer Thompson Grinder Co.
	Director, Metalworking Equipment Division	2/4/55-11/4/55	Springfield, Ohio
Ball, John M.	Commodity Industry Analyst Rubber Division	3/13/51-6/30/51	Sales Development Manager Midwest Rubber Reclaiming Co. East St. Louis, Illinois
Ballantyne, Wayne K.	Consultant (Magazines) Printing & Publishing Div.	3/27/51-4/6/51	Production Executive Time, Inc., New York, New York
Ballou, George L.	Specialist on MRO Items	4/20/51-11/24/51	General Manager, Maysville, Ky. Office of
	Advisor (Consumer Durables) Consumer Durable Goods Div.	11/25/51-4/19/52	R. J. Reynolds Tobacco Co. of Winston Salem, North Carolina
Bannan, Charles F.	Industrial Analyst (Gears and Drives) General Components Div.	7/29/52-5/15/53	Vice President and Area Manager Western Gear Works & Pacific Gear and Tool Works, San Francisco, Calif.
Barker, George A.	Commodity Industry Spec.(Silicon) Iron and Steel Division	4/10/51-9/28/51	Salesman, Bethlehem Steel Co. New York, New York

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*Barnes, Robert S.	Consultant (Iron & Steel)	11/3/54-11/15/55	Sales (Forgings), Bethlehem Steel Co. Bethlehem, Pennsylvania
*Barnhart, Hugh A.	Director, Comm. Equip. Div.	2/2/55-8/14/55	President, Rochester Telephone Co.
	Consultant (Comm. Equip.)	8/15/55-11/15/55	Rochester, Indiana
Barry, Michael T.	Chief, Stainless, Hi-Temp. Alloy & Tool Steel Branch, Iron & Steel Division	12/11/53-8/31/54	Sales Manager, Joslyn Mfg. & Supply Co. Chicago, Illinois
Barton, James P.	Chief, Sheet & Strip Section, Iron & Steel Division	6/3/52-10/30/52	Asst. to Manager, Sheet and Strip Sales U. S. Steel Co., Pittsburgh, Pa.
Baumgardner, Frank	Chief, Glass Container Section Containers & Packaging Div.	6/26/51-6/30/53	Manager, Market Analyses, Anchor Hocking Glass Corp., Lancaster, Ohio
Baxter, Clifford, J., Sr.	Advisor, Machine Tools, Metalworking Equip. Div.	5/6/52-9/12/52	General Sales Manager Gisholt Machine Company, Madison, Wisconsin
Beach, Ralph W.	Staff Asst. for Scheduling & Expediting, Office of Asst. Admin., DAEB	2/12/52-5/7/52	Asst. Div. Purchasing Agent E. I. du Pont & Co. Wilmington, Delaware
Beale, Guy O.	Director, Railroad Equipment Division	9/17/51-3/1/52	Vice President, Purchases Chesapeake & Ohio Railway Co. Cleveland, Ohio
Beatty, Michael F.	Commodity Industry Analyst (Corrugated & Solid Fibre Containers) Containers and Packaging Division	4/17/51-3/6/52	Vice President and General Manager South West Box Co. Sand Springs, Oklahoma
Beck, Bernard J.	Industrial Analyst (Nut, Bolt and Solid Rivet) General Components Division	7/9/52-1/9/53	Staff Assistant, Oliver Iron and Steel Corp., Pittsburgh, Pennsylvania
Beebe, Harold I.	Chief, Warehouse Section Alum. & Magnesium Div.	8/24/51-3/13/52	District Sales Manager Korhumel-Heffron & Preiss Steel Co. Detroit, Mich.

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Beebe, Joseph A.	Advisor, Machine Tools, Metalworking Equip. Div.	4/21/52-9/12/52	Sales Engineer, Cincinnati Milling Machine Co., Chicago, Ill.
Beeson, Charles R.	Commodity Industry Specialist, (Alloy Steel) Iron & Steel Div.	1/15/52-7/17/52	Vice President, Osco Steel Co. Cleveland, Ohio
Behm, Richard D.	Advisor-Plywood & Laminates Forest Products Division	1/9/53-6/30/53	Advertising Director M & M Woodworking Co., Portland, Oregon
	Advisor-Plywood & Laminates	7/1/53-11/19/54	
Belcher, Benjamin M.	Consultant (Paints) Chem.Div.	3/13/51-1/9/52	Executive Vice President Benjamin Moore & Co., New York, N.Y.
Bell, Nigel H.	Consultant, Light Metals Div.	11/8/50-3/31/51	Vice President, Sterling Windows, Inc. New York, New York
* Bell, Raymond O.	Chief, Transformer Section, Electrical Equipment Div.	6/23/52-11/30/54	Assistant to Vice President Allis-Chalmers Mfg. Co.
	Director, Electrical Equip.Div.	12/1/54-8/14/55	Milwaukee, Wisconsin
	Consultant, Elec. Equip. Div.	8/15/55-11/15/55	
Benbow, Donald A.	Advisor (Machine Tools) Metalworking Equipment Div.	5/12/52-9/12/52	Field and Application Engineer The Sheffield Corp., Dayton, Ohio
Benbow, Robert P.	Chief, Plate Section, Iron and Steel Division	8/11/52-3/6/53	Chief, Plate & Shape Dist. Bethlehem Steel Corp., Balto., Md.
Bennett, Edmund V.	Commodity Industry Specialist (Alloy-Steel) Iron & Steel Div.	9/18/51-1/18/52	Assistant Metallurgist Engineer Bethlehem Steel Co., Bethlehem, Penna.
Bennett, William H.	Chief, Forge & Press Equip. Sec. Metalworking Equip. Div.	9/24/52-2/1/53	Asst. Sales Manager The Hydraulic Press Mfg. Co. Mt. Giliad, Ohio
Berbatis, Angelo N.	Chief, Tools Branch, General Components Division	9/17/51-5/29/52	Manager, Marketing Research Simonds Saw & Steel Co., Fitchburg,Mass.
Bergstrom, Swan E.	Director, Metalworking Equip. Division	10/10/51-4/15/52	Vice President, Cincinnati Milling Machine Co., Cincinnati, Ohio
Berry, Swift	Consultant, Forest Prod. Div.	1/9/51-8/17/52	Forest Manager, Mich-Calif Lumber Co.
	Advisor (Lumber) Forest Prod.	8/18/52-8/26/52	Camino, California
* Bertine, Herbert W.	Director, Chem.&Rubber Div.	1/12/55-6/27/55	Asst. Counsel, General Chemical Div.
	Consultant, Chem.&Rubber Div.	6/28/55-11/15/55	Allied Chemical & Dye Corp. New York, New York

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Betzler, William J.	Asst. Chief, Scrap Section, Iron and Steel Division	2/4/52-6/30/53	Purchasing Agent, Republic Steel Corp., Cleveland, Ohio
Bickford, Edward D.	Chief, Plate Section, Iron and Steel Division	7/27/51-9/15/51	Resident Representative Bethlehem Steel Co.
	Commodity Industry Specialist Iron and Steel Division	9/16/51-11/25/51	Bethlehem, Penna.
	Chief, Production Branch, Iron and Steel Division	11/26/51-2/29/52	
Bikle, William E.	Expert (Freight Cars) Railroad Equipment Division	4/6/51-2/2/52	Assistant Vice President Standard Railway Equipment Mfg. Co. Chicago, Illinois
	Advisor (Freight Cars) Railroad Equipment Division	2/3/52-5/1/53	
Binkerd, Alfred A.	Chief, Scheduling and Expediting Section, General Components Division	2/11/52-7/15/52	Vice President, Buffalo International Corp., Division of Buffalo-Eclipse Corporation, New York, New York
Bitner, Harry M.	Consultant (Newspaper General Publishing), Printing and Publishing Division	4/9/51-6/30/53	Chairman of Board W F P M, Inc., Indianapolis, Ind.
Black, Robert E.	Chief, Bolt, Nut and Solid Rivets Section, General Components Division	11/29/51-3/28/52	Assistant Sales Manager The National Screw & Mfg. Co. Cleveland, Ohio
Blanchard, E. Payson	Consultant (Metalworking and Machinery), Machinery Div.	3/5/51-9/17/51	Engineering Consultant The Bullard Co., Bridgeport, Conn.
Blevins, Leonard C.	Industrial Specialist (Elec. Measurements) Scientific & Technical Equipment Div.	9/10/51-4/26/53	Manager, Application Engineer Westinghouse Electric Corp. Newark, New Jersey
*Blumoehr, Clarence	Assistant Chief, Wire Mill Br., Copper Division	3/17/52-4/27/52	Assistant to President Phelps Dodge Copper Products Corp. New York, New York
	Chief, Wire Mill Branch, Copper Division	4/28/52-6/30/53	
	Consultant, Copper Division	9/22/54-11/15/55	

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* Bobo, Robert L.	Chief, Switchgear Section, Electrical Equipment Div.	3/13/52-9/9/55	Regional Sales Manager, Federal Pacific Electric Co., Cleveland, Ohio
Bohnen, John J.-	Chief, Structural Shapes Sec., Iron and Steel Division	12/5/51-6/13/52	Manager of Sales, Structural and Plate Division, Inland Steel Co., Chicago, Illinois
Bok, William C.	Deputy Chief Hearing Commissioner (Phila.), Office of Admin.	2/15/52-1/29/53	Presiding Judge, Phila. Court of Common Pleas #6, Phila, Penna.
Boland, Einar J.	Advisor on Electrical Indicating Instr., Scient. & Spec. Equip. Div.	7/23/51-4/26/53	Manager, Commercial Engineer General Electrical Co. West Lynn, Massachusetts
* Bonner, Joseph P.	Advisor (Nicaro Nickel Oxides) Iron and Steel Division	9/29/53-3/18/54	Assistant to President Nickel Processing Corp.
	Advisor (Nicaro Nickel Oxides) Iron and Steel Division	3/19/54-11/15/55	New York, New York
Booth, Edwin A.	Chief, Pipe Section, Iron and Steel Division	12/11/51-7/1/52	General Manager of Sales Spang-Chalfont Division of National Supply Co., Pittsburgh, Penna.
*Booz, Norton A.-	Chief, Facilities Expansion Br., Metalworking Equipment Div.	12/16/52-6/30/53	Chairman of Board
	Chief, Defense Action & Planning Br., Metalwrk. Div.	7/1/54-11/1/54	Federal Machinery Sales Co. Chicago, Illinois
	Consultant (Metalworking Div.	11/2/54-11/15/55	
Bossert, William E.	Consultant, Steel Plate, Iron and Steel Division	1/4/51-7/20/51	District Sales Manager, N.Y.C. District of Alan Wood Steel Co. of Conshohocken, Pennsylvania
Bower, Harry F.	Director, Water & Sewerage Industry & Utilities Div.	6/24/55-	Sales Promotion Manager, James B. Clow and Sons, Chicago, Illinois
*Boyd, Raymond G.	Director, Aluminum & Mag.Div.	2/23/54-5/18/54	Asst. General Sales Manager, Kaiser
	Assistant Administrator	5/19/54-12/22/54	Aluminum & Chemical Sales Co., Inc.
	Consultant, Ofc. Administrator	12/23/54-11/15/55	Chicago, Illinois

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Boyles, Russell C.	Consultant (Electrical Trans. & Distr. Systems, Electrical Equipment Division	2/9/51-12/7/51	Division Manager, No. Kansas City, Mo. District of the Line Material Co., of Milwaukee, Wisconsin
Boyne, Clarence B.	Consultant (Stainless Steel), Iron and Steel Division	10/11/50-6/29/51	Assistant General Sales Manager Allegheny Ludlum Steel Corp. Pittsburgh, Penna.
Brachle, Paul L.	Expert (Metal Cans), Containers & Packaging Div.	3/19/51-8/8/52	Assistant to General Sales Manager Continental Can Co., Chicago, Illinois
*Bradley, Charles H.	Advisor (Steel Mill Products Warehouse), Iron & Steel Div.	7/8/54-11/15/55	President, W. J. Holliday & Co., Inc. Indianapolis, Indiana
Bradner, George T.	Chief, Pool Order Group, Metalworking Equipment Div.	11/7/52-4/5/53	Secretary-Treasurer The Lees-Bradner Co., Cleveland, Ohio
Branning, E.Robert	Assistant to the Director Metalworking Equipment Div.	6/30/52-3/15/53	Industrial Engineer, Warner & Swasey Co., Cleveland, Ohio
Braun, Clyde R.	Chief, Steam Turbine Section Engine & Turbine Division	3/17/52-1/16/53	Assistant to Manager, Power Department Allis-Chalmers Mfg. Co.,Milwaukee, Wisc.
Bray, Philip V.	Asst. Chief, Scheduling and Expediting Section, General Components Division	2/25/52-8/27/52	Superintendent of Maintenance Tubular Rivet & Stud Co. Wollasten, Massachusetts
	Asst. Coordinator, Sched. & Exped., Gen. Components Div.	8/28/52-8/29/52	
Breaden, Richard E.	Consultant (Heating Wholesalers) Bldg. Material Division	5/14/51-2/6/52	President, The Treaty Co. Greenville, Ohio
Brennan, Joseph H.	Industrial Specialist, Stat. Anal. & Reports Division	1/21/52-6/19/53	Chief Metallurgist, Electro-Metallurgical Co., Niagara Falls, New York
Breyer, M. George	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	11/20/51-10/3/52	Chief Metallurgist, Crucible Steel of America, Midland, Pennsylvania
Brigham, William J.	Commodity Industry Specialist (Metallurgy), Iron & Steel Div.	11/16/51-9/11/52	Metallurgical Sales Representative Timken Roller Bearings, Steel & Tube Div. Canton, Ohio

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Brodhun, Carl P.	Chief, Wire Mill Branch Copper Division	4/30/53-6/30/53	Executive Representative, Wash., D. C. office of Okonite Co. of Passaic, N.J.
	Chief, Wire Mill Branch	7/1/53-3/31/54	
Broggi, Dante E.	Advisor (Liquid Meters) Scientific & Tech.Equip.Div.	1/16/52-4/26/53	President Neptune Meter Co., New York, New York
Brooks, Charles M.	Commodity Industry Analyst Iron and Steel Division	1/19/51-11/4/51	Trader Luria Brothers & Co., Reading, Penna.
	Commodity Industry Specialist (Scrap) Iron & Steel Division	11/5/51-6/30/53	
Brown, Edward T.	Industrial Analyst (Scheduling and Expediting) General Components Division	9/8/52-4/1/53	Manager, Jobber Sales Townsend Company New Brighton, Penna.
Brown, Frederick G.	Vice Chairman, Production Dir. Comm., Iron & Steel Div.	12/1/52-6/30/54	Manager, Weirton Steel Co. Sheet Sales & Strip Div., Weirton, W. Va.
Brown, Grover W.	Chief, Wire and Cable Section Rubber Division	4/24/51-9/29/51	Production Control Manager at Wilkes Barre, Pa. Okonite Co. of Passaic & Patterson, N.J.
	Advisor, Wire & Cable Section	9/30/51-6/30/53	
	Advisor, Wire & Cable Section Chemical and Rubber Division	7/1/53-12/7/54	
*Brown, Harry D.	Special Assistant for Opera. Rubber Division	5/7/52-5/31/52	Director of Purchases Gates Rubber Co., Denver, Colorado
	Advisor (Rubber) Rubber Div.	6/26/52-6/30/53	
	Advisor (Rubber) Chemical and Rubber Division	7/1/53-11/15/55	
*Browning, William B.	Chief, Ind. Supplies Branch Metalworking Equipment Div.	8/6/52-6/30/53	Linde Air Products Co. Division of Union Carbide & Carbon Corp.
	Chief, Ind. Supplies Branch	7/1/53-10/12/55	Chicago, Illinois
*Bruce, C. Arthur	Consultant (Lumber & Allied Products) Forest Prod. Div.	1/16/51-3/31/51	Executive Vice President E. L. Bruce Co.
	Director, Lumber Division	4/1/51-11/14/51	Memphis, Tennessee
	Advisor (Prod.) Lumber & Wood Products Division	11/15/51-8/17/52	
	Advisor (Wood Products)	8/18/52-6/30/53	
	Advisor (Wood Products) Forest Products Division	7/1/53-11/15/55	

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Bruyn, George J.	Chief, Alkalies Section Chemical Division	8/1/52-12/21/52	Manager, Niagara Sales Office Hooker Electro Chemical Co.
	Asst. Chief, Inorganic & Agri. Chem. Br.,Chemical Div.	12/22/52-2/17/53	Niagara Falls, New York
	Chief, Inorganic & Agri.Chem. Br., Chemical Division	2/18/53-4/26/53	
Bryan, William T.	Commodity Industry Specialist (Nickel) Iron & Steel Div.	1/15/53-12/2/53	Assistant Foundry Manager The Duriron Co., Inc., Dayton, Ohio
Burger, E. Kenneth	Advisor (Chemicals)Chem.Div.	8/28/51-1/2/53	Head Market Economic Group Esso Standard Oil Co., N.Y., N.Y.
Burke, Edmund J.	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	12/14/51-12/30/52	Assistant Chief Metallurgist Hanna Furnace Co.
	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	12/31/52-6/30/53	Buffalo, New York
**Burley, John V.	Director, Iron & Steel Div.	11/30/55	Assistant General Manager of Sales Republic Steel Corp.,Cleveland, Ohio
Burns, Kenneth J.	Deputy Director, Iron & Steel Division	10/6/53-11/11/53	Manager of Sales, Sheet & Strip Div. Inland Steel Co., Chicago, Ill.
	Director, Iron & Steel Div.	11/12/53-4/6/54	
	Consultant, Iron & Steel Div.	4/7/54-10/13/54	
Burrage, Charles W.	Chief, Valves & Fittings Br. General Components Division	6/28/51-9/28/51	Manager, Engineering Sales The Lunkenheimer Co.,Cincinnati, Ohio
*Burrell, Clarence R.	Chief, Gear & Drive Section General Components Division	6/28/51-12/14/51	Vice President in Charge of Sales Tool Steel Gear & Pinion Co.
	Director, General Comp. Div.	12/16/53-3/31/55	Cincinnati, Ohio
	Consultant, Gen.Components Div	4/1/55-11/15/55	
Burrows, Lincoln V.	Consultant (Sensitized Film Products & Photo. Equip.) Motion Picture and Photo Prod.	3/27/51-4/26/53	Government Sales Representative Eastman Kodak Co. Rochester, New York
Butcher, John H.	Chief, Screw, Tubular Rivet & Washer Section,Gen.Components Division	6/26/51-11/9/51	Vice President, Butcher and Hart Mfg. Co., Toledo, Ohio

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Butterfield, Harold G	Chief, Electron Tube Section Electronics Division	4/30/52-1/6/53	Director of Purchases National Union Radio Corp.
	Advisor, Electron Tubes Electronics Division	2/10/53-6/30/53	Newark, New Jersey
Butterfield, Joseph P	Chief, Stainless Steel Section Iron and Steel Division	12/18/51-6/12/52	Manager, Stainless Sheet Sales Armco Steel Corp., Middletown, Ohio
Camp, John M.	Consultant (Lumber and Allied Products, Lumber & Wood Prod.	1/16/51-10/23/51	Retired
	Director, Lumber and Wood Products Division	10/24/51-6/30/53	
*Carlin, William P.	Chief, Business Research and Analysis Br., Iron & Steel Div.	1/11/54-10/5/54	Steel Market Economist, Republic Steel Corp., Cleveland, Ohio
	Consultant, Iron & Steel Div.	10/6/54-11/15/55	
Carlisle, George L.	Consultant (Switchgear) Electrical Equipment Div.	5/28/51-10/26/51	Commercial Vice President Railway & Indus. Eng. Co., Greensburg, Pa.
Carlisle, Howard W.	Chief, Forge & Press Equip. Sec. Metalworking Equipment Div.	11/29/51-4/20/52	Sales Engineer Clearing Machine Corp., Chicago, Illinois
	Advisor (Machine Tools) Metalworking Equipment Div.	4/21/52-9/12/52	
*Carr, Harold J.	Consultant (Cont. & Pkg.) Containers & Packaging Div.	1/23/51-6/30/53	Vice President Owens-Illinois Glass Co., Toledo, Ohio
	Consultant (Cont. & Pkg.) Containers & Packaging Div.	7/1/53-11/15/55	
*Carroll, Arthur B.	Director, Forest Prod. Div.	5/22/53-7/9/53	President, Hurtsboro Oak Flooring
	Advisor, (Forest Products)	7/10/53-11/15/55	Co., Inc., Hurtsboro, Alabama
Carson, David B.	Director, Iron and Steel Div.	10/9/50-5/14/51	Vice President in Charge of Sales
	Special Advisor (Iron & Steel)	5/15/51-7/20/51	Sharon Steel Corp., Sharon, Penna.
*Carter, Glenn E.	Advisor (Foil Packaging) Containers & Packaging Div.	1/23/53-6/30/53	Manager, Paper & Printing Market Reynolds Metals Co., Louisville, Ky.
	Advisor (Foil Packaging) Containers & Packaging Div.	7/1/53-11/15/55	
*Cass, Robert	Advisor (Motor Vehicles) Automotive Division	12/29/52-11/15/55	Assistant to President, White Motor Co., Cleveland, Ohio
Cavanagh, Joseph C.	Chief, Printing Inks Section Chemical Division	6/12/52-4/26/53	Assistant to Vice President, Ink Div. J. M. Huber Corp., Brooklyn, N.Y.

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Chamberlain, Laurence E.	Chief, Sheet, Strip & Tin Plate Sec.,Iron & Steel Div.	7/8/53-9/17/53	Assistant Manager of Sales Inland Steel Co., Chicago, Illinois
Chandler, William G.	Consultant (Newspapers and Newsprint) Print.&Pub.Div.	4/10/51-6/30/53	President, The Scripps Howard Supply Co., Inc., New York, New York
Channer, Earle A.,Jr.	Industrial Analyst (Non-Ferrous & Stainless Fasteners) General Components Division	3/17/52-9/12/52	Eastern Sales Manager H. M. Harper Co. Morton Grove, Illinois
Chapman, Frederick L.	Advisor (Machine Tools) Metalworking Equip. Div.	5/20/52-9/12/52	Vice President in Charge of Sales Gisholt Machine Co., Madison, Wisc.
Chapple, Bennett S.,Jr.	Assistant Administrator	10/3/52-11/29/53	Asst. Executive Vice President,Commercial
	Consultant, Ofc. Admin.	11/30/53-12/30/53	U. S. Steel, Pittsburgh, Penna.
Charles, Herbert H.	Expert (Spare Parts) Automotive Division	3/1/51-5/8/51	President, Choldun Mfg. Corp. New Haven, Connecticut
Chase, Warren H.	Deputy Director Communication Equip. Div.	5/21/51-11/30/51	Assistant Vice President Ohio Bell Tele. Co., Cleveland, Ohio
Chisholm, William H.	Special Advisor (Paper Mfg.) Pulp, Paper & Paperbd. Div.	6/4/51-10/27/51	Vice President, Oxford Paper Co. New York, New York
	Deputy Director, Pulp, Paper & Paperboard Division	10/28/51-2/7/52	
	Advisor (Paper)	2/8/52-3/31/53	
Christopher, Harold	Chief, Cold Drawn Bars Sec. Iron and Steel Division	10/15/52-5/29/53	Assistant Manager, Mfgrs. Prod. Div. American Steel & Wire Division U. S. Steel, New York, New York
Clark, Bonnell W.	Director, Electrical Equip.	8/5/51-1/31/52	Retired
	Dir., Electrical Equip. Div.	12/29/52-4/30/53	
	Director, Electrical and Power Equipment Division	5/1/53-9/14/53	
	Dir., Elec. Equip. Div.	9/15/53-12/1/53	
Clark, Edward F.	Chief, Sheet & Strip Section Iron and Steel Division	2/18/52-5/28/52	Assistant Manager, Sales Sheet and Strip Products Weirton Steel Co.
	Chief, Prog. & Req. Br. Iron & Steel Division	5/29/52-8/15/52	Weirton, West Virginia
	Chief, Carbon & Alloy Flat Rolled & Tubular Products Br. Iron and Steel Division	12/31/53-3/28/55	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*Clark, Everett O.	Director, General Industrial Equipment Division	11/22/54-5/30/55	Manager, Industrial Products Sales Vickers, Inc. (Subsidiary of Sperry, Corp.) Detroit, Michigan.
	Consultant, General Industrial Equipment Div.	5/31/55-11/15/55	
Clark, Howard S.	Staff Assistant for Scheduling & Expediting Indust. & Agr. Equip.Bureau	2/12/52-5/9/52	Consultant, Mat. Handling E. I. du Pont de Nemours & Co., Inc. Wilmington, Delaware
Clark, Noble B.	Advisor (Foreign Require.) Metalworking Equip. Div.	10/26/51-4/26/52	Export Manager, The Warner & Swasey Co. Cleveland, Ohio
*Clark, Robert W.	Consultant, Scientific, Mot. Pic. & Photo.Prod.Div.	5/26/55-6/26/55	Assistant to Sales Manager Powers Regulator Company Skokie, Illinois
*	Dep. Dir., Scient.,Mot. Pic. & Photo. Products Div.	6/27/55-1/3/56	
**Claussen, John A.	Commodity Industry Analyst Iron and Steel Division	3/9/51-1/10/54	Secretary, Pig Iron Division American Iron & Steel Institute New York, New York
	Advisor (Pig Iron) I & S Div.	1/11/54-11/15/55	
	Consultant (Iron & Steel Div.)	2/23/56	
* Clay, John C.	Director, Containers & Packaging Division	5/1/52-12/18/52	Assistant to Executive Vice President National Starch Products, Inc. New York, New York
	Deputy Asst. Admin.	12/19/52-2/18/53	
	Assistant Administrator	2/19/53-7/13/53	
	Advisor (Programs & Opera.) Office of Administrator	7/14/53-11/15/55	
* Claypoole, Richard W.	Chief, Carbon & Alloy Semi-Finished Rail, Struc. Bars, Wire & Forgings Br. Iron and Steel Division	8/24/54-3/20/55	Assistant Manager, Railroad Equipment Sales U. S. Steel Pittsburgh, Pennsylvania
	Consultant, Iron & Steel Div.	3/21/55-11/15/55	
Coffinberry, John B.	Chief, Tin Mill Products Sec. Iron and Steel Division	12/1/52-6/26/53	Tin Mill Products Representative Republic Steel Corp., New York, New York

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Cole, George C.	Chief, Print. & Graphic Arts Mach. Sec., Gen. Ind. Equip. Div.	5/16/51-2/2/52	Manager of Territory, D. C. & 4 States for Miehle Printing Press & Mfg. Co. of Chicago, Ill., & Dexter Folder Co. of Pearl River, New York
	Chief, Print., Graphic Arts & Pub. Mach. Sec., Gen. Ind. Equip. Div.	2/3/52-9/12/52	
Cole, Lester M.	Advisor (Machine Tools) Metalworking Equipment Div.	4/21/52-1/30/53	District Manager at Houston, Texas for Warner & Swasey Co. of Cleveland, Ohio
Cole, Melvin W.	Assistant Director, Iron and Steel Division	1/17/51-3/8/51	Assistant General Mgr. of Western Sales Bethlehem Steel Co. Detroit, Michigan
	Director, Iron & Steel Div.	3/9/51-7/20/51	
Coleman, Leo W.	Advisor (Machine Tools) Metalworking Equip. Div.	4/29/52-9/12/52	Vice President - Sales Manager Lake Erie Eng. Corp., Kenmore, N.Y.
Collet, Marjen H.	Chief, Pulpwood Section, Pulp, Paper & Paperbd. Div.	4/30/51-1/18/52	Assistant to Vice President W. Va. Pulp & Paper Co., New York, New York
Collins, Arthur L.	Chief, Warehouse Section Iron & Steel Division	5/1/52-9/18/52	Firm Member, Horace T. Potts Co. Philadelphia, Pennsylvania
Collins, Gordon H.	Chief, Inorganic Acids Section Chemical Division	12/10/51-4/30/52	Assistant Div. Purch. Agent E. I. DuPont de Nemours & Co. Wilmington, Delaware
Colten, Oscar A.	Asst. Chief, Program & Stat. Branch, Chemical Div.	9/17/51-4/29/52	Assistant Manager, Econ. Research Dept. Shell Chemical Corp., New York, N.Y.
	Advisor (Chemical Require.) Chemical Division	4/30/52-1/2/53	
Colvin, James A.	Director, Engine & Turbine Division	4/15/52-11/14/52	Manager of Power Production & System Operation, Northern States Power Co. Minneapolis, Minn.
*Comly, Samuel N.	Dir., Gen. Components Div.	5/8/51-9/14/51	Executive Vice President, Russell, Burdsall & Ward Bolt & Nut Co., Port Chester, New York
	Advisor (Industrial Fasteners)	6/15/53-8/2/53	
	Asst. Admin. for Indus. & Agri. Equip.	8/3/53-11/22/53	
	Consultant, Ofc. Admin.	11/23/53-11/15/55	
Compter, George H.	Spec. Asst. to Director Electrical Equipment Division	4/27/55-11/9/55	Asst. to Vice President & Secretary Ford Instrument Co., Division of The Sperry Corp., Long Island City, New York
	Consultant, Elec. Equip. Div.	11/10/55	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Coolidge, Sollace B. Jr.	Dep. Asst. Administrator for Metals & Minerals	5/8/51-11/30/51	Vice Pres. & Dir. of Auxiliaries Sherwin-Williams Co.,Cleveland, Ohio
*Cotton, Richards W.	Director, Electronics Div.	6/9/52-1/11/53	Vice President, Philco
	Advisor (Electronics)	11/19/53-7/11/55	Internat'l Corp., Phila.,Pa.
*Couch, Robert deS.	Director, Containers & Pkg. Division	9/6/51-5/24/52-	Manager, Carton & Container Division General Foods Corporation
	Advisor (Cont. & Pkg.)	5/25/52-6/30/53	Battle Creek, Michigan
	Advisor (Cont. & Pkg.)	7/1/53-11/15/55	
*Courtright, John P.	Advisor (Mining Equipment) Agri.,Constr.&Min.Equip.Div.	1/29/54-11/15/55	Consultant to Sales Department Marion Power Shovel Co. Marion, Ohio
Cover, John A.	Advisor (Export) Metalworking Equipment Div.	2/1/52-5/7/52	Foreign Sales Manager, Landis Tool Co. Waynesboro, Penna.
Cox, William F.	Commodity Industry Specialist Copper Division	10/31/52-6/30/53	Assistant to President, Titan Metal Mfg. Co., Bellefonte, Penna.
Crabtree, Samuel A.	Dep. Dir., Iron & Steel Div.	5/21/53-6/29/53	District Manager, Republic Steel Co.
	Director, Iron & Steel Div.	6/30/53-8/9/53	Chicago, Illinois
	Asst. Admin. for Metals and Minerals	8/10/53-10/6/53	
Crater, Willard deC.,Jr.	Chief, Thermoplastics Sect. Chemical Division	2/11/52-9/26/52	Asst. Manager - Vinyl Sales Naugatuck Chemical Division of U. S. Rubber Co.,Naugatuck, Conn.
Crawford, Alvin B.	Commodity Industry Spec. (Heavy Castings)Iron & Steel	7/21/52-2/27/53	Manager, Railway Sales, Continental Foundry & Machine Co.,Pittsburgh, Penna.
Crawford, James H.	Asst. Chief, Wire Mills Br. Copper Division	10/29/51-2/15/52	Soles Consultant, General Electric Co., Bridgeport, Conn.
Crenshaw, James C.	Spec. Asst. to Director, Water Resources Division	6/29/51-9/23/51	Division Engineer of Central Division of American Waterworks, Inc. of Phila.,Penna.
	Dep. Dir.,Water Resour.Div.	9/24/51-10/25/52	
	Dir.,Water Resources Div.	10/26/52-7/1/53	
	Advisor (Water Resources) Construction Division	7/2/53-7/17/53	

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Cressman, William L.	Deputy Director, Iron & Steel Division	10/15/52-12/23/52	Manager, Eastern Sales Armco Steel Corp.
	Director, Iron & Steel Div.	12/24/52-5/5/53	Middleton, Ohio
	Dep. Asst. Administrator for Metals & Minerals	5/6/53-6/30/53	
Creter, G. Richard	Chief, Engine Branch Motor Vehicle Division	1/15/52-7/17/52	Diesel Engineer, Continental Motors Corp., Muskegon, Michigan
Crittenden, William W.	Chief, Program & Require. Branch, Engine & Turbine Div.	10/8/52-3/27/53	Director, Europ. & Africa Area Westinghouse Elec. International Co. New York, New York
Critton, Norval H.	Chief, Machine Tool Section Metalworking Equip. Div.	7/9/52-9/13/52	East. Sales Mgr., Monarch Machine Tool Co. Sydney, Ohio
	Chief, Program Expediting Br., Metalworking Equip. Div.	9/14/52-12/22/52	
Crockard, Frank H.	Consultant, Iron & Steel Div.	1/6/55-3/2/55	Retired.
Cronk, Cornelius V.	Consultant (Bristles) Consumer Durable Goods Div.	2/13/51-4/14/51	Vice President, Frederick H. Cone & Co., Inc. New York, New York
Crosby, Fred G., Jr.	Commodity Industry Advisor (Machine Tools) Metalworking Equipment Division	9/21/51-4/20/52	Assistant Sales Manager Kearney & Trecker Corp. Milwaukee, Wisconsin
	Advisor (Machine Tools) Metalworking Equip. Div.	4/21/52-9/12/52	
** Crosby, Joseph P.	Director, Metalworking Equipment Division	2/24/56	Vice President, Lapointe Machine Tool Co. Hudson, Mass.
** Cross, John L.	Director, Electrical Equipment Division	8/15/55-2/16/56	Manager, Power Equipment Sales Transformer Division, Westinghouse Electric Corporation, Sharon, Pennsylvania
* Cross, Ralph E.	Director, Metalworking Equipment Division	2/12/54-6/30/54	Executive Vice President The Cross Co., Detroit, Michigan
	Assistant Administrator	7/1/54-12/16/54	
	Consultant, Ofc. Admin.	12/17/54-11/15/55	
Cryan, John R.	Chief, Fine & Printed Paper Section, Pulp, Paper & Paperboard Division	4/26/51-8/8/52	Sales Manager, Fraser Paper, Ltd. New York, New York

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Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
* Curley, Walter J.	Director, Shipbuilding Railroad, Ordnance & Aircraft Division	2/1/55-11/15/55	Vice President, Gen.Am.Transp. Corp. Pittsburgh, Pennsylvania
Curtis, Francis J.	Assistant Administrator	5/8/51-12/6/51	Vice President, Monsanto Chemical Co. St. Louis, Missouri
	Advisor, Rubber & Forest Products Division	12/7/51-6/6/53	
Dalby, Thomas E.	Chief, Structural Shapes Section, Iron & Steel Div.	4/10/51-7/31/51	Salesman, Structural Shapes Bethlehem Steel Co., Bethlehem, Penna.
* Damkroger, Stanley F.	Assistant Administrator	1/21/55-7/27/55	Business Office Engineer American Tel. & Tel. Co.
	Consultant, Office of the Administrator	7/28/55-11/15/55	New York, New York
** Daniels, Ernest W.	Advisor (Plywood), Lumber & Wood Prod. Div.	10/4/51-8/17/52	Director of Sales Harbor Plywood Corp. Hoquiam, Washington
	Advisor (Plywood & Veneer) Lumber & Wood Prod. Div.	8/18/52-6/30/53	
	Consultant, Forest Prod.Div.	11/10/55	
* Dannenbaum, Harry M. Jr.	Chief, Proofed Goods Sec. Rubber Division	4/24/51-9/29/51	General Manager & Secretary Aldan Rubber Co., Phila., Penna.
	Advisor (Proofed Goods) Rubber Division	9/30/51-6/30/53	
	Advisor (Proofed Goods) Rubber Division	7/1/53-11/15/55	
Darby, J. Douglas	Deputy Dir., Iron & Steel Div.	2/17/51-4/24/52	Vice President - Sales, U. S. Steel Co.
	Dir., Iron & Steel Div.	4/25/52-6/27/52	Pittsburgh, Penna.
Darnall, Coleman	Chief, Bearing Branch, General Components Division	9/11/52-4/1/53	Assistant Sales Manager, Marlin-Rockwell Corp., Jamestown, New York
Davidson, Donald M.	Chief, Bearings Branch General Components Division	6/29/51-11/15/51	Assistant General Sales Manager The Fafnir Bearing Co., New Britain, Conn.
Davidson, Francis H.	Chief, Bars and Semi-Finished Section, Iron & Steel Div.	1/22/52-7/18/52	Assistant Manager of Sales-Hot Rolled Prod. Jones & Laughlin Steel Corp., Pittsburgh, Pa.
Davis, Charles S., Jr.	Advisor (Machine Tools) Metalworking Equip. Div.	4/29/52-9/12/52	Vice President (Adm.), Lake Erie Eng. Corp. Buffalo, New York

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*Davis, John D.	Asst. Director, Pulp for Paper & Paperboard, Forest Products Division	8/13/53-9/2/53	Assistant to Operating Vice President The Mead Corp., Chillicothe, Ohio
	Director, Forest Prod. Div.	9/3/53-2/14/54	
	Consultant (Forest Prod.Div.)	2/15/54-11/15/55	
Davis, R. Preston	Expert (Boilers), Engine and Turbine Division	3/13/51-8/30/51	Assistant to General Manager Wickes Boiler Co., Saginaw, Michigan
Davison, Harry P.	Advisor on Diesel Locomotives Railroad Equipment Division	8/10/51-12/31/51	Assistant to Vice President American Locomotive Co., New York, N.Y.
	Advisor (Small Locom. Prod.) Railroad Equipment Division	4/24/52-5/1/53	
Day, William M.	Director, Communications Equipment Division	2/26/52-6/30/52	Vice President & General Manager Michigan Bell Telephone Co. Detroit, Michigan
	Asst. Administrator for Metals & Minerals	7/1/52-9/30/52	
Deal, William W.	Asst. Chief, Wire Section Iron and Steel Division	11/2/51-11/30/51	Manager Sales, American Steel and Wire Co., Philadelphia, Penna.
DeGraff, Wilbur C.	Advisor (Machine Tools) Metalworking Equip. Div.	4/21/52-1/30/53	Manager, Sales Engineering The Warner & Swasey Co.,Cleveland, Ohio
DeHetre, John P.	Chief, Tube Section Iron & Steel Division	6/8/53-12/31/53	Manager, Oil Country Tubular Sales Youngstown Sheet & Tube Co. Youngstown, Ohio
Delph, Merle A.	Consultant, Hides & Skins Leather & Leather Products	4/24/51-1/31/52	President, M. A. Delph Co., Inc. P. O. Box 342 Indianapolis, Indiana
Demuth, Jacob J.	Program Executive for Tools, Dies and Jig Fixtures Metalworking Equipment Div.	3/23/53-6/30/53	Consultant Engineer, Ebrhardt Tool & Machine Co., St. Louis, Mo.
**Denney, Courtlandt F.	Director, Power Equip. Div.	8/15/55	Executive Asst. to Vice President Foster Wheeler Corp., New York, N.Y.
* Dennis, Stanley W.	Advisor (Glass Cont.Closures) Containers & Pack. Div.	3/2/52-6/30/53	Manager, Dacro Division Crown Cork & Seal Co., Inc. Baltimore, Maryland
	Advisor (Glass Cont.Closures) Containers & Pack. Div.	7/1/53-11/15/55	

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DeRoche, Daryl R.	Chief, Components & Technical Section, Copper Div.	10/23/51-8/15/52	Assistant Supervisor, Staff Results Coord. Western Electric Co., Baltimore, Md.
DeVlieg, Charles B.	Industrial Analyst (Machine Tools) Metalworking Equip. Div.	1/23/52-2/22/52	President, DeVlieg Machine Co. Ferndale, Michigan
Dietrich, Robert W.	Chief, Stainless, Hi-Temp Alloy & Tool Steel Branch Iron & Steel Division	9/1/54-1/7/55	General Representative Armco Steel Co. Baltimore, Maryland
Doan, Leland A.	Chief, Intermediates Section Chemical Division	8/29/52-10/23/52	Western Sales Manager, Dow Chemical Co. San Francisco, California
	Chief, Coal Tar Chem. Dyes & Intermediates Br., Chem. Div.	10/24/52-2/15/53	
Dodge, Carleton R.	Advisor (Cranes & Shovels) Construction Machinery	1/7/52-8/8/52	Vice President in Charge of Sales Northwest Engineering Co., Chicago, Illinois
Donnell, Robert P.	Commodity Spec. (Metallurgy) Iron & Steel Division	7/2/51-11/2/51	Cleveland District Manager Timken Roller Bearing Co., Cleveland, Ohio
Downsbrough, George A.	Advisor (Electrical Measurement Equipment) Scient. & Tech. Equip. Div.	1/30/52-4/26/53	President, Boonton Radio Corp. Boonton, New Jersey
Doyle, Andrew P., Jr.	Chief, Engine Branch Motor Vehicle Division	4/14/52-10/20/52	Asst. Sales Manager, Engine Division Briggs & Stratton Corp., Milwaukee Wisc.
Doyle, James C.	Advisor, Motor Vehicle Industry, Motor Vehicle Div.	11/26/51-4/23/52	Reg. Sales Manager, Ford Motor Co. Dearborn, Michigan
Doyle, Joseph A., Jr.	Chief, Warehouse Section Iron and Steel Division	9/3/52-5/26/54	President, Wm. G. Wetherall, Inc. Baltimore, Maryland
Drozda, Edward A.	Advisor (Machine Tools) Metalworking Equip. Div.	4/30/52-9/12/52	Sales Engineer, New Britain Machine Co. New Britain-Gridley Mach. Div. New Britain, Connecticut
**Dueringer, Wilbur F.	Director, Power Equip. Div.	3/12/56	Engineer in Charge of Sales of Steam Turbines Allis-Chalmers Mfg. Co., Milwaukee, Wisc.
*Dunlap, William E.	Dep. Director, Aluminum and Magnesium Division	11/2/54-4/27/55	President-Treasurer Aluminum Extrusions, Inc., Charlotte, Mich.
	Consultant, Aluminum & Magnesium Division	4/28/55-11/15/55	

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Dunstan, Eugene W.	Advisor (Optics) Scientific & Technical Equipment Div.	9/3/52-4/26/53	Director of Purchasing, The Perkin Elmer Corp., Norwalk, Conn.
Duvall, William G.	Chief, Program Section Copper Division	5/23/52-12/5/52	Asst. Supt., Cable Shop Western Electric Co., Balto., Md.
Eberly, Warren S.	Chief, Aircraft (High Temp. Alloys) Iron & Steel Division	3/24/53-6/30/53	Director of Labratory, Carpenter Steel Co., Reading, Penna.
** Edmunds, William J.,Jr.	Director, Aluminum & Mag. Div.	8/15/55-1/31/56	Metal Control Manager, Kaiser Alum. & Chemical Corp., Oakland, Calif.
* Edwards, Walter A.	Spec.Asst. to Dir.,Containers and Packaging Division	8/11/53-10/15/53	Assistant Manager, Owens-Illinois Glass Co., Washington, D. C.
	Assistant Administrator	10/16/53-6/15/54	
	Consultant, Ofc. Administrator	6/16/54-11/15/55	
Eighmy, Lee W., Jr.	Ch.,Component Sec.,Copper Div.	5/25/51-10/27/51	Assistant Power Sales Manager
	Advisor (Wire Mills) Copper Div.	10/28/51-1/25/52	The Kerite Co., New York, N.Y.
Elliott, Marion B.	Chief, Switchgear Section Electrical Equipment Div.	1/2/52-3/18/52	Manager, Unit Equipment Division Gen. Electric Co., Schenectady, N.Y.
	Chief, Outside Distr. Br. Electrical Equipment Div.	3/19/52-12/23/52	
Elliott, Ralph B.	Chief, Peroxygen Chemical Unit, Chemical Division	6/25/51-12/21/51	Area Supt., Peroxygen Prod. E. I. duPont de Nemours Co. Niagara Falls, New York
Elwood, William Frederick	Advisor (Selenium Rectifiers) Electrical Equipment Div.	4/9/52-3/13/53	Prod. Serv. Mgr., Federal Tel. & Radio Corp., Clifton, N.J.
England, John R.	Commodity Indus.Spec.(Metallurgy)	5/21/51-7/20/51	Serv.Metallurgist, U.S.Steel Co. Pittsburgh, Pennsylvania
* Erskine, Harold C.	Dir.,Alum. & Magnesium Div.	1/28-8/14/55	Assistant General Manager
	Consultant, Alum.& Mag.Div.	8/15/55-11/15/55	Castings Division, Alcoa,Pittsburgh,Pa.
* Eskridge, Joseph W.	Director, Automotive Division	4/1/55-9/29/55	Vice Pres. in Chg. of Mfg., Hudson
	Consultant, Automotive Div.	9/30/55-11/15/55	Spec. Prod.Div.,American Motors Corp., Detroit, Michigan
Ervin, Leonard R.	Expert (Rubber Mechanical Goods), Rubber Division	3/6/51-9/29/51	Ohio Rubber Company Cleveland, Ohio
	Advisor (Ind.Rubber Goods) Rubber Division	9/30/51-3/6/52	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*Evans, Bradley B.	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	6/5/53-9/9/54	Sales Manager, Empire Steel Castings, Inc.,Reading, Pa.
	Consultant (Castings) Iron and Steel Division	9/10/54-11/15/55	
Ewing, John S.	Commodity Industry Analyst Iron and Steel Division	2/27/51-7/25/51	Assistant Manager Stainless Steel Division Carnegie-Illinois Steel Corp. Pittsburgh, Penna.
*Fahlman, Everett G.	Deputy Director, Aluminum and Magnesium Division	8/13/53-1/30/54	President The Permold Co. Medina, Ohio
	Acting Director, Aluminum and Magnesium Division	1/31/54-3/18/54	
	Consultant, Alum. & Mag. Div.	3/19/54-11/15/55	
Fahrney, Howard J.	Asst. Chief, Aluminum Products Aluminum & Magnesium Division	10/14/52-3/25/53	Assistant Manager, ALCOA Aluminum Metal Products Pittsburgh, Penna.
Farnam, James F.	Asst. Chief (Wire Mill Branch) Copper Division	4/21/52-12/12/52	Manager, Industrial and Contractor Sales General Electric Co. Bridgeport, Connecticut
Felker, Max N.	Advisor (Diamond Tool Prod. Misc.Metals & Minerals Div.	8/14/51-11/7/52	Owner & General Manager Felker Mfg. Co.,Torrance,Calif.
*Field, John A.	Asst. Administrator Office of the Administrator	6/4/54-11/18/54	Vice President (Sales and Related Activities) Carbide & Carbon Chemicals Co. Div. of Union Carbide & Carbon Corp.,New York,N.Y.
	Consultant, Office of the Administrator	11/19/54-11/15/55	
Fimple, Norman L.	Chief, Carbon & Alloy Semi-Finished, Rail Structural, Bars, Wire & Forgings Branch Iron and Steel Division	1/4/54-8/23/54	Bethlehem Steel Co. Philadelphia, Pennsylvania

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*Firshing, William M.	Consultant (Power Boilers) Power Equipment Division	6/29/54-1/11/55	Executive Assistant Babcock & Wilcox Co.
	Director, Power Equip. Div.	1/12/55-8/14/55	New York, New York
	Consultant (Power Equip.Div.)	8/15/55-11/15/55	
Fishel, John H.	Chief, Stainless Steel Section Iron and Steel Division	11/17/52-5/29/53	Consultant-Stainless Steel Products & Fabrication Republic Steel Corp. Massillon, Ohio
Fisher, George P.	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-1/30/53	Retired
Fisher, Ward E.	Chief, Tire & Tube Section Rubber Division	6/26/51 9/29/51	Technical Director Armstrong Rubber Co.
	Advisor (Tires & Tubes) Rubber Division	9/30/51-3/6/52	West Haven, Connecticut
Fitch, James H.	Asst. Dir. for Schedul. & Exped. General Industrial Equip. Div.	9/2/52-10/31/52	Dir. of Industrial Relation Asst. to President McNeil Machine & Engineering Co. Akron, Ohio
Fitzgerald, Thomas H.	Chief, Reclaimed Rubber Section Rubber Division	7/3/51-3/6/52	Sales Manager, U. S. Rubber Naugatuck Chemical Division Naugatuck, Connecticut
*Fitzpatrick, Edwin J.	Consultant, Food Industries Div.	10/5/54-11/15/55	Retired
Flagg, John H.	Director, General Components Div.	4/30/52-11/13/52	President, Watson-Flagg Machine Co., Paterson, N.J.
*Flanagan, George W.	Chief, Thermoplastics Section Chemical Division	9/16/52-6/30/53	Washington, D. C. Representative B. F. Goodrich Chemical Co.
	Chief, Thermoplastics Section Chemical and Rubber Division	7/1/53-10/19/55	Washington, D. C.
*Flom, Russell C.	Director, Forest Products Div.	9/15/54-11/18/54	Director of Pulp, Paper and
	Assistant Administrator	11/19/54-6/27/55	Paperboard Sales
	Consultant, Office of the Administrator	6/28/55-11/15/55	Marathon Corporation Menasha, Wisconsin

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Floyd, Charles B.	Commodity Industry Analyst Textiles Division	3/7/51-7/5/54	Mgr., Fred Rueping Leather Co. Boston, Massachusetts
*Floyd, Paul E.	Asst. Chief, Ferro-Alloys Br. Iron and Steel Division	5/13/53-6/3/54	Consultant, Allegheny Ludlum Steel Corp., Ferndale, Michigan
	Chief, Ferro-Alloys Branch Iron and Steel Division	6/4/54-2/8/56	
Fodor, Paul A., Jr.	Chief, Inorganic & Agricultural Chemical Br., Chemical Division	5/4/53-7/31/53	District Sales Manager, Phila., Pa. Columbia-Southern Chemical Corp. of Pittsburgh, Penna.
Ford, Burton A.	Chief, Paper & Paperboard Section Paper & Paperboard Division	4/24/51-6/30/53	Vice President, St. Regis Sales Corp., Allentown, Penna.
Ford, Thomas C.	Advisor (Ferro-Alloys) Iron and Steel Division	10/19/51-6/30/53	District Sales Manager, Cleve. Office Pittsburgh Metallurgical Co. of Niagara Falls, New York
Formwalt, William S.	Chief, Sulfuric Acid Section Chemical Division	6/5/52-11/14/52	Marketing Specialist The Davison Chem. Corp. Baltimore, Maryland
Fotsch, Arthur H.	Advisor (Machine Tools) Metalworking Equipment Division	5/9/52-9/12/52	Engineer, Kearney & Trecker Corp. West Allis, Wisconsin
**Fowles, George A.	Director, Chemical and Rubber Division	1/4/56	Manager, Plastic Materials Sales B. F. Goodrich Chemical Co. Cleveland, Ohio
Fowler, Henry H.	Administrator - NPA	6/1/52-9/15/52	No private industry affiliation - Administrator of DPA on a salaried basis.
Foy, Norman W.	Asst. Administrator for Metals and Minerals	4/17/51-11/4/51	General Manager of Sales Republic Steel Corporation
	Advisor, Metals & Minerals	11/5/51-1/29/52	Cleveland, Ohio
Fraley, Frederick W.	Assistant Director, Chem. Div.	3/28/52-5/6/52	Vice President - Sales
	Dep. Asst. Admin., Ofc. Admin.	5/7/52-6/30/52	Diamond Alkali Co.
	Asst. Admin., Office of Admin.	7/1/52-2/14/53	Cleveland, Ohio

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Franklin, Frederick F.	Asst. Chief, Ferro Alloys Branch Iron and Steel Division	10/20/52-3/12/53	Metallurgical engineer Vanadium Corp. of America of New York City
	Chief, Ferro Alloys Branch	3/13/53-5/17/53	
	Advisor, Ferro Alloys Branch	5/18/53-6/30/53	
Franzen, John E.	Assistant on Paper Reserves Pulp, Paper & Paperboard Div.	5/21/51-8/4/51	Manager, Sales Research Hammermill Paper Co. Erie, Pennsylvania
	Dep. Dir., Pulp,Paper & Paperboard Division	8/5/51-3/31/53	
**Frazza, Louis F.	Director, Water and Sewerage Industry & Utilities Division	3/5/56	Manager, Direct Sales, Pipe Div. Johns-Manville Sales Corp. New York, New York
Frecker, Harry M.	Consultant (Rubber) Rubber Div.	1/16/51-6/30/53	Development Manager, Mech. Goods Div. U. S. Rubber Company Passaic, New Jersey
	Consultant (Rubber) Chemical and Rubber Division	7/1/53-5/3/54	
Freedell, Kenneth C.	Chief, Tools Branch General Components Division	6/26/51-8/17/51	General Sales Manager Stanley Tools, Division of Stanley Works, New Britain,Conn.
Freedman, Alan E.	Advisor on File Laboratory Motion Picture & PhotoProd.Div.	6/19/51-4/26/53	President & Gen. Sales Manager DeLuxe Lab., Inc., New York, N.Y.
Fromm, Henry G.	Asst. Chief, Program and Requirements Br.,Chemical Div.	7/28/52-10/17/52	Assistant to Vice President-Mfg. Johnson & Johnson New Brunswick, N.J.
Frost, John G.	Commodity Industry Analyst, Chief,Secondary Ingot & Scrap Section, Alum. & Magnesium Div.	5/28/52-12/22/52	President, Aluminum & Magnesium, Inc., Sandusky, Ohio
	Advisor (Secondary Alum. Ingots) Aluminum & Magnesium Division	12/23/52-4/30/53	
*Frutig, Henry A.	Deputy Director, Aluminum and Magnesium Division	4/28/55-11/4/55	Vice President - Assistant General Manager, Aluminum & Magnesium, Inc., Sandusky, Ohio

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Gaetz, Howard R.	Advisor, Chemical & Rubber Div.	8/28/53-1/11/54	Manager, U. S. Rubber Co. Naugatuck, Connecticut
Garber, Myron B.	Consultant (Mining & Oil Field Equip.)Construction Division	2/13/51-7/21/51	Director of Sales, Thew Shovel Company, Lorain, Ohio
	Director, Construction Machinery Division	7/22/51-4/6/52	
	Advisor, Construction Machinery	4/7/52-6/7/52	
Gardner, William F.	Asst. Chief, Scheduling & Expediting Section, General Components Division	3/6/52-5/23/52	Assistant Sales Manager Ladish Co., Cudahy, Wisc.
Garrard, James F.	Advisor (Heat Exchangers), Engine & Turbine Division	11/19/51-3/31/52	Asst. to Vice President in Charge of Mfg. M. W. Kellogg Co. Jersey City, N.J.
Gates, Donald E.	Chief, Pulley, Clutch & Coupling Sec.,Gen.Components Div.	6/29/51-8/24/51	Sales Coordinator, Dodge Mfg. Co. Mishawaka, Indiana
*Geldard, Walter J.	Chief, Chemical Sec.,Rubber Div.	8/28/51-3/1/52	Sales Manager, Plastics
	Advisor (Rubber) Rubber Division	3/2/52-6/30/53	Chemical Div., U.S.Rubber Co.
	Advisor (Rubber) Chem.&Rubber Div.	7/1/53-11/15/55	Naugatuck, Connecticut
*German, Howard M.	Chief, Ferro Alloys Section Iron and Steel Division	3/18/53-4/15/54	Metallurgical Asst. to President Driver Harris Co.,Harrison, N.J.
	Commodity Industry Specialist (Metals-Ferro-Alloys) Iron and Steel Division	4/16/54-10/31/55	
**Gibbs, Lewis T.	Chief, Carbon & Alloy Semi-Fin. Rail, Struc., Bars, Wire & Forgings Branch,Iron & Steel Div.	11/28/55	Assistant Manager, High Strength Steel Sales, U.S.Steel Corp. Pittsburgh, Pennsylvania
Gideon, William P.,Jr.	Chief, Plate Section Iron and Steel Division	3/13/53-7/1/53	Manager of Sales, Hot Rolled Products Division, Tennessee Coal
	Vice Chairman, Production Directive Comm., Iron and Steel Division	7/2/53-9/29/53	& Iron Division, U.S.Steel Corp. Fairfield, Alabama

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*Gilbert, Warren Van R.	Chief, Forging Section Aluminum & Magnesium Division	6/18/51-5/15/53	Sales Engineer, Aluminum Co. of America, Washington, D. C.
	Commodity Industry Specialist Aluminum & Magnesium Division	11/20/53-9/16/55	
Gilg, Frank X.	Commodity Industry Analyst Engine & Turbine Division	1/23/51-1/31/52	Applic. Engineer, Babcock & Wilcox Co., New York, N.Y.
Gillham, Robert J.	Advisor (Machine Tools) Metalworking Equipment Division	4/28/52-1/30/53	Southwestern District Sales and Service Manager at St. Louis, Mo. for Giddings & Lewis Machine Tool Co. of Fond du Lac, Wisc.
Gilmour, William B.	Special Asst. to Director on Market Research, Iron & Steel Division	12/8/52-6/16/53	Manager, Commercial Research Div. Inland Steel Co. Chicago, Illinois
Gimbel, William T.	Chief, Warehouse Section Aluminum & Magnesium Division	11/5/52-3/31/53	Vice President, Reliance Steel Co. Los Angeles, California
Glenn, James O.	Chief, Stainless Steel Section Iron and Steel Division	5/29/52-1/8/53	General Manager, Stainless Sales & Flat Rolled Products
	Advisor (Stainless Steel) Iron and Steel Division	1/9/53-6/30/53	Crucible Steel Co. of America Pittsburgh, Pennsylvania
Gore, Edgar	Chief, Extrusions Section Aluminum & Magnesium Division	9/11/51-1/11/52	Sales Manager, Bohn Aluminum and Brass Corp., Detroit, Michigan
Gorman, Richard, Jr.	Asst. Director for Scheduling & Expediting, General Industrial Equipment Division	3/19/52-9/26/52	Chemical Engineer, Carbide & Carbon Chemical Corp., Division of Union Carbide & Carbon Corp., South Charleston, W. Virginia
Graham, Seymour	Consultant, Office of Admin. Textile, Leather & Specialty Equipment Bureau	3/12/51-6/26/51	President, Illinois Baking Corp., Chicago, Illinois
*Graves, Roger E.	Chief, Carbon & Alloy Semi-Fin. Rail, Structural, Bars, Wire and Forgings Branch, Iron & Steel Div.	3/21/55-11/15/55	Sales Representative Bethlehem Steel Co. Detroit, Michigan

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Graze, Veryl W.	Commodity Industry Specialist (Metallurgy) Iron & Steel Div.	6/17/53-12/10/53	Metallurgist, Republic Steel Corp. Massillon, Ohio
*Greenway, Oliver J.	Consultant, Electronics Div.	2/28/55-11/15/55	Vice President, International Resistance Co., Phila., Penna.
Gregg, John S.	Commodity Specialist (Structural Shapes) Iron & Steel Division	8/24/51-12/12/51	Asst. District Sales Manager in Milwaukee Wisc., for Inland Steel Co. of Chicago, Illinois
Grele, Adolph W.	Commodity Industry Specialist (Nickel) Iron & Steel Division	9/11/53-12/2/53	Assistant Sales Manager, Seymour Mfg. Co., Seymour, Connecticut
Griffith, David A.	Commodity Industry Analyst (Chief, Transformer Section) Electrical Equipment Division	3/1/51-1/15/52	Assistant to General Manager Allis Chalmers Mfg. Co. Pittsburgh, Pennsylvania
Griffith, Ellis R.	Advisor (Replacement Parts) Motor Vehicle Division	4/29/52-10/30/52	Assistant Service Manager Eaton Mfg. Co., Cleveland, Ohio
*Grossi, Carmine J.	Advisor on Power & Steam Boilers Engine & Turbine Division	6/26/51-2/12/52	Assistant Sales Manager Combustion Engineering, Inc.
	Asst. Chief, Boiler Section Engine & Turbine Division	2/13/52-3/20/52	New York, New York
	Chief, Boiler Section	3/21/52-12/20/52	
	Chief, Heavy Power Equip. Br. Engine & Turbine Division	12/21/52-11/1/55	
Gunther, Robert V.	Chief, Heat Exchangers Section Engine & Turbine Division	1/9/53-2/14/53	Co. Manager, Manufacturing Div. Southwestern Engineering Co. Los Angeles, California
	Chief, Auxiliary Power Equip. Br. Engine & Turbine Division	2/15/53-3/19/54	

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Haile, William M.	Consultant (Director, Production Scheduling & Product Assignment Division)	2/2/51-5/14/51	Assistant Mid-West Manager at Chicago, Illinois office of Linde Air Products Co. of New York, New York
Hain, Robert W.	Advisor (Steel Capacity) Iron and Steel Division	12/4/52-1/29/53	Statistician, American Iron and Steel Institute, New York,N.Y.
**Halderman, Lawrence J.	Director, General Components Division	11/9/55	Branch Manager, Timken Roller Bearing Co , Los Angeles, Calif.
Hamm, Edward F.,Jr.	Special Assistant to the Director (Magazines), Printing & Publishing Division	5/2/51-6/30/53	President - Treasurer The Traffic Service Corp. Washington, D. C.
Hanks, Elmer C.	Chief, Mechanical Power Transmission Branch, General Components Division	7/29/52-1/30/53	Assistant to Application Eng. Manager, Westinghouse Electric Corp., Pittsburgh, Penna.
Hapgood, Charles T.	Chief, Pipe Section, Iron and Steel Division	8/22/51-12/18/51	Manager of Sales, Tubular Products Jones & Laughlin Steel Corp. Pittsburgh, Pennsylvania
Happer, Andrew P.	Consultant (Pipe & Tube) Iron and Steel Division	10/11/50-7/20/51	Eastern Area Sales, New York office of National Tube Co.,Pittsburgh,Pa.
Har, Kenneth H.	Chief, Condenser Section Engine & Turbine Division	7/24/52-2/6/53	Assistant to Gen. Manager,Sales Ingersoll Rand Co., N.Y., N.Y.
*Harding, George E.	Consultant, Leather, Raw Materials & Heavy Leather, Leather, Shoes & Allied Products Division	4/13/51-11/15/55	Executive and Selling Howes Leather Co., Inc. Boston, Massachusetts
Hardy, Horace W.,Jr.	Industrial Analyst (Metal Prod.) Engine and Turbine Division	5/27/52-10/24/52	Chief, Engineer, Buffalo Tank Corp., Baltimore, Maryland
Haring, Charles J.	Advisor (Construction Machinery) Construction Machinery Division	9/13/51-12/22/51	General Sales Manager, J.D.Adams Mfg. Co.,Indianapolis, Indiana
	Dep.Dir.,Construction Mach.Div.	12/23/51-2/18/52	
	Director,Construction Mach.Div.	2/19/52-6/15/52	
	Advisor, Construction Machinery	6/16/52-6/30/53	

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Harrison, William H.	Administrator, NPA	9/11/50-1/22/51	President and Director Inter. Telephone & Telegraph Corp. New York, New York
Harty, William P.	Expert, Footwear, Rubber Div.	3/13/51-9/6/51	Vice President, Avon Sole Co.
	Advisor (Rubber Soles and Heels) Rubber Division	9/7/51-6/30/53	Avon, Massachusetts
*Hathaway, Norman E.	Director, Chemical and Rubber Div.	8/27/53-2/18/54	Oronite Chemical Co., San
	Consultant (Chemicals & Rubber)	2/19/54-11/15/55	Francisco, California
Hattersley, Harold E.	Chief, Alkalies Sec.,Chemical Div.	1/11/52-7/15/52	Branch Manager, Allied Chemical & Dye Corp., Solvay Sales Div. Cincinnati, Ohio
Hawkins, Lester R.	Advisor (Machine Tools) Metalworking Equipment Division	6/19/52-1/30/53	District Manager at Los Angeles for Warner & Swasey Co. of Cleveland, Ohio
Hawley, Chester G., Jr.	Chief, Conveyors Section, General Industrial Equipment Division	2/11/52-8/8/52	Sales Manager - Prod. Eng. Jeffrey Mfg. Co.,Columbus, Ohio
Hebbard, George M.	Asst. Chief, Inorganic and Agri. Chemical Branch, Chemical Division	8/21/51-12/12/51	Vice President of Operations Davison Chemical Corp.
	Chief, Inorganic & Agri.Chem.Br.	12/13/51-4/30/52	Baltimore, Maryland
Heebner, Ronald D.	Asst. Chief, Warehouse Section Aluminum & Magnesium Division	3/6/52-11/7/52	Manager, Order Department A. R. Purdy Co., Inc.Lyndhurst,N.J.
Heiss, Stusrt J.	Commodity Industry Specialist (Scrap) Iron and Steel Division	11/15/51-4/24/52	Chief Material Inspector Inland Steel Co.,Chicago, Ill.
Helfrich, Lester A.	Chief, Organic Chemical & Drug Br. Chemical Division	2/4/53-8/21/53	Production Manager, U. S. Industrial Chemicals, Balto.,Md.
Heller, Harold H.	Chief, Chemicals & Related Prod. Section,Pulp, Paper & Forest Products Division	5/25/51-3/31/53	Marketing Dept., Chem. Ch. Kimberly-Clark Corp. Neenah, Wisc.
Hemmersly, George I.	Industrial Analyst (Conveyors) General Industrial Agr. Equipment Division	7/28/52-9/26/52	Asst. Purchasing Agent Mathews Conveyor Co. Ellwood City, Pennsylvania

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Hendrickson, Ralph A.	Chief, Scheduling and Expediting Sect., Gen. Components Division	2/11/52-6/30/52	Manager, Oil Sales Section Crane Co., Chicago, Illinois
Henyan, George W.	Chief, Components Branch Electronics Division	10/1/51-5/16/52	Manager of Industrial and Transmitting Tube Division, General Electric Co.,Schenectady, N.Y.
* Hergenroether, Ernst J.	Commodity Industry Analyst Iron and Steel Division	3/15/51-2/3/52	Metallurgist, International Nickel Co., Detroit, Michigan
	Chief, Metallurgical and Conservation Br., Iron & Steel Div.	2/4/52-10/28/53	
	Advisor (Metallurgical), Iron and Steel Division	9/22/54-11/15/55	
Herkner, George W.	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-9/12/52	District Manager, Warner and Swasey Co., East Orange, N.J.
Hessler, Harry T.	Industrial Analyst (Machine Tools) Metalworking Equipment Division	3/6/52-10/1/52	Supervisor of Standards Chrysler Corp., Detroit, Mich.
Hewett, Phillip C.	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-9/12/52	Manager, Engineering Service Dept., Cincinnati Milling Machine Co.,Cincinnati, Ohio
Heyward, Frank	Commodity Specialist (Pulpwood) Pulp, Paper and Paperboard Division	6/26/51-3/31/53	Public Relations Director Gaylord Container Corp. Bogalusa, Louisiana
Higgins, Neal	Expert, (Trucks & Tractor Mach.) Construction Machinery Division	3/1/51-8/4/51	Sales Consultant, International Harvester Co., Chicago, Ill.
	Advisor on Construction Machinery	8/5/51-1/1/52	
Hill, Edward B.	Advisor (Misc. Constr. Equip.) Construction Machinery Division	12/28/51-8/8/52	Vice President - Sales Gar Wood Industries, Wayne, Mich.
Hill, Luther W.	Director, Communications Equip.Div.	4/11/51-11/10/51	President, Carolina Telephone &
	Advisor (Communications Equipment)	11/11/51-12/7/51	Telegraph Co., Tarboro, N.C.
Hinkle, Fred S.	Chief, Grocery, Variety & Specialty Bag Section, Cont. & Pack. Div.	8/20/51-6/30/53	Sales Manager, Benj. C. Betner Co. Devon, Pennsylvania
* Hitzrot, Henry W.	Director, Water & Sewerage Util.Div.	3/1/54-11/8/54	Special Asst. for Engineering Sales
	Consultant, Water & Sewerage Util.Div.	11/9/54-11/15/55	Dorr-Oliver, Inc., Stamford, Conn.

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Hochwalt, George C.	Chief, Hydraulic Turbine Section Engine and Turbine Division	4/16/51-9/19/51	Assistant Sales Manager S. Morgan Smith Co., York, Pa.
* Hodgins, Theodore S.	Dir., Chemical & Rubber Div.	6/28/55-1/3/56	Vice President & General Manager Pacific Northwest Div. of Reichhold Chemicals, Inc., Seattle, Washington
Hoel, Phillip	Advisor (CMP) Constr.,Mach.Div.	1/11/52-7/5/52	Asst. Div. Manager,
	Dep. Dir.,Constr. Mach. Div.	7/6/52-6/30/53	R. G. LeTourneau, Inc. Vicksburg, Mississippi
Hoffman, Warren E.	Chief (Motors and Controls) Elec. & Power Equip. Div.	3/10/52-10/2/52	Manager, Land Equip. Div. Gen. Electric. Co.,Schenectady,N.Y.
Hofmann,Max H.	Commodity Industry Analyst Iron and Steel Division	2/19/51-7/31/51	Assistant Manager of Sales U.S.Steel Co.,Pittsburgh, Penna.
Holbrook, George E.	Asst. Dir., Chemical Division	4/1/52-6/4/52	Asst. Dir.,Development Dept.
	Director, Chemical Division	6/5/52-10/20/52	E. I. duPont de Nemours
	Advisor, Chemicals	10/21/52-12/31/52	Wilmington, Delaware
Holland, Christian V.	Chief, Drugs & Cosmetics Section Chemical Division	9/12/51-3/28/52	Manufacturing Coordinator Sterling Drug Co., New York, N.Y.
Holley, Albert H.	Director, Communications Equip.Div.	8/10/54-2/1/55	Division Manager, New York Telephone Co., Brooklyn, N.Y.
* Honish, John K.	Advisor (Thermosetting Plastics) Chemical Division	5/27/53-6/30/53	Coordinator, Tech. Develop. Bakelite Co., Division of Union
	Advisor (Thermosetting Plastics) Chemical & Rubber Division	7/1/53-11/15/55	Carbide & Carbon Corp., New York, New York
* Hoover, Clyde F.	Chief, Reclaimed Rubber Section Rubber Division	11/6/51-2/2/52	Technical Superintendent Pequanoc Rubber Co., Butler, N.J.
	Advisor, Reclaimed Rubber	2/3/52-6/30/53	
	Advisor (Reclaimed Rubber) Chemical and Rubber Division	7/1/53-11/15/55	
* Hopton, Whitman W.	Consultant	7/1/48-1/3/51	H. O. Rogers & Co.
	Director, Tin, Lead & Zinc Div.	1/4/51-2/5/51	LaSalle, Illinois
	Consultant, Misc.Metals & Min. Div	11/6/53-11/15/55	

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Hosford, Willard D. Jr.	Chief, Tillage Tools Branch Agr. Mach. & Implements Div.	1/15/52-2/18/52	Vice President & Gen. Mgr. John Deere Plow Co. of Moline
	Advisor (Agricultural Machinery)	2/19/52-7/19/52	Omaha, Nebraska
	Spec. Asst. to Director Agr. Mach. & Implements Div.	7/20/52-12/1/52	
Howard, Otis	Director, Engine & Turbine Division	11/1/51-5/9/52	Manager of Operation, Okla. Gas & Elec. Co., Okla. City, Okla.
*Howe, Harvey S.	Director, Water Resources Div.	6/5/51-10/27/51	Vice President, Lock Joint
	Advisor, Water Resources	10/28/51-6/30/53	Pipe Co., East Orange, N.J.
	Advisor, Water Resources	7/1/53-11/15/55	
Howe, Ralph S.	Dir., Metalworking Equip. Div.	4/1/52-11/16/52	Executive Vice President
	Advisor (Machine Tools) Metalworking Equipment Division	11/17/52-1/30/53	New Britain Mach. Co. New Britain, Connecticut
Howland, Robert A.	Program Exec. for Machine Tools Metalworking Equipment Division	3/20/53-4/30/53	Supv. Sales Correspondents Bullard Co., Bridgeport, Conn.
	Chief, Program Expediting and Production Distribution Branch Metalworking Equipment Division	5/1/53-6/20/53	
Hoyt, W. Thomas	Consultant (Salvage Program) Salvage Division	3/26/51-7/21/51	Sales Representative, Curtis Publishing Co., New York,
	Advisor (Salvage Program) Salvage Division	7/22/51-7/27/51	New York
Hudson, Buell W.	Consultant (Newspaper Production) Printing & Publishing Division	5/8/51-6/30/53	Publisher, Evening Call Publishing Co., Woonsocket, R.I.
Hudson, James	Chief, Warehouse Section Iron and Steel Division	7/25/51-12/7/51	Vice President, Grammer, Dempsey & Hudson, Inc., Newark, N.J.
Hughes, Edward S.	Special Assistant to Director Iron and Steel Division	1/13/53-6/30/53	Manager, Performance Section Research Div., U.S.Steel Co. Pittsburgh, Pennsylvania
*Hughes, Glenn R.	Chief, Castings Branch Iron and Steel Division	3/24/55-2/9/56	Assistant Sales Manager Ohio Steel Foundry Co. Springfield, Ohio

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Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Hume, Lawrence B.	Chief, Internal Combustion Engine Section, Engine and Turbine Division	5/19/52-12/31/52	Materials Coordinator, Cooper-Bessemer Corp., Wash., D. C.
Hungerford, Raymond O.	Advisor (Machine Tools) Metalworking Equipment Division	4/28/52-9/12/52	Sales Engineer, Bullard Co. Cleveland, Ohio
Hunt, Reed Oliver	Advisor (Paper & Pulp Mfg.) Pulp & Paper Division	4/16/52-6/30/53	Asst.-Gen. Manager of Mfg. Crown-Zellerbach Corp. San Francisco, California
* Hunter, John A., Jr.	Chief, Business Research and Analysis Br.,Iron & Steel Div.	5/23/55-1/26/56	Manager, Commercial Research Tennessee Coal & Iron Div. of U. S. Steel Corp. Fairfield, Alabama
* Hyer, Allan	Advisor (Facilities), Pulp and Paper & Paperboard Division	9/20/51-6/30/53	Vice President, Black-Clawson Co., Hamilton, Ohio
	Advisor (Facilities) Forest Products Division	7/1/53-11/15/55	
Hyland, James L.	Commodity Industry Specialist Iron and Steel Division	8/2/51-2/29/52	Chairman, Open Hearth Committee Republic Steel, Cleveland, Ohio
Iber, Oscar	Chief, Gages & Precision Meas. Inst. Sec.,Gen.Indus.Equip.Div.	6/29/51-1/30/53	Treasurer, O. Iber Co. Chicago, Illinois
Ingham, Charles W.	Consultant (Lumber & Allied Prod.) Lumber & Lumber Products Division	1/15/51-5/13/51	Vice President, Fischer Lumber Co., Marcola, Oregon
Int-Hout, Dan	Commodity Industry Advisor (Folding Boxes) Containers and Packaging Division	7/30/51-6/30/53	Vice President, Michigan Carton Co., Battle Creek, Michigan
Ipsen, Carl L.	Expert (Metal Work) General Industrial Equipment Division	3/22/51-12/21/51	Manager, Indus. Heating Dept. Gen. Electric Co.,Schenectady,N.Y.
** Ireland, George	Dir., Communications Equip. Div.	8/15/55-1/31/56	General Commercial Manager Bell Telephone Co., Phila, Penna.
Ireland, Glen	Special Assistant to Administrator	10/4/50-4/6/51	Vice President and General Manager North Calif. & Nevada Area Pacific Tele. & Tele. Co. San Francisco, California

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Jackson, Ward W.	Head, Aldehydes Unit, Basic & Chemical Branch, Chemical Division	6/13/51-1/2/53	General Manager, Commercial Solvent Co., New York, New York
Jacobs, Roy M.	Industrial Analyst (Machine Tools) Metalworking Equipment Division	4/30/52-8/27/52	Engineer, Jones & Lamson Mach. Co., Springfield, Vt.
	Chief, Machine Tool Section Metalworking Equipment Division	8/28/52-10/30/52	
** James, Robert D.	Director, Forest Products Div.	7/11/55-1/31/56	Sales Manager, Grand Rapids Mills & Folding Box Plant, American Box Board Co., Grand Rapids, Mich.
Jarmon, Robert L., Jr.	Chief, Heavy Metal Tank Section Engine and Turbine Division	2/13/53-6/30/53	Sales Engineer, Wyatt Metal and Boiler Works, Houston, Texas
Jennings, Frank H.	Advisor (Machine Tools) Metalworking Equipment Division	8/14/52-1/30/53	Professional Engineer, Jones and Lamson Machine Co., Springfield, Vt.
Jewett, Maurice G.	Chief, Mechanical Power Trans. Br. General Components Division	6/26/51-8/24/51	Chief Engineer, Chain & Trans. Div. Chain Belt Co., Milwaukee, Wisc.
Joerger, John R.	Advisor, Machine Tools Metalworking Equipment Division	5/12/52-9/12/52	Project Engineer, Kearney & Trecker Corp., Milwaukee, Wisc.
* Johnson, Courtney	Special Assistant to Director Office of Production Controls	4/2/51-6/4/51	Director, Washington Office The Studebaker-Packard Corp. Washington, D. C.
	Dir., Motor Vehicle Division	6/5/51-6/15/52	
	Advisor (Motor Vehicles)	6/16/52-11/15/55	
Johnson, Harry R.	Chief, Sheet & Strip Section Iron and Steel Division	8/25/52-2/20/53	Asst. Manager Sales, Sheet and Strip Division, Inland Steel Co. Chicago, Illinois
Johnson, Herbert	Vice Chairman Division Requirements Committee, Iron & Steel Division	7/3/51-9/29/51	Asst. Vice President - Sales Jones & Laughlin Steel Co. Pittsburgh, Pennsylvania
	Dep. Dir., Iron and Steel Division	9/30/51-1/23/52	
	Director, Iron and Steel Division	1/24/52-3/31/52	
Johnson, Philip G.	Industrial Analyst (Motor Vehicles) Motor Vehicles Division	1/8/52-5/15/52	Asst. Executive Engineer Willys-Overland Motors, Inc. Toledo, Ohio
Johnson, William G.	Commodity Specialist (Ferro-Alloys) Iron and Steel Division	7/20/51-10/28/51	Sales Executive, Crucible Steel Co. of America, New York, New York
	Commodity Specialist (Ferro Tungsten & Ferro Moly.) Iron & Steel Div.	10/29/51-2/9/53	
	Ch., Aircraft High Temp. Alloys Iron and Steel Division	2/10/53-5/29/53	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Jones, Chester L.	Expert, Distr. & Services Div.	2/27/51-11/13/52	Retired
** Jones, William J.	Director, Automotive Division	9/30/55	Asst. Gen. Prod. Manager Chrysler Corp.,Detroit, Mich.
Jory, Robert	Asst. Chief, Boilers Section Engine and Turbine Division	1/9/53-4/30/53	Sales Engineer, Riley-Stoker Corp., New York, New York
Joy, Marvin A.	Director, Copper Division	8/20/53-3/30/54	Manager, Sales Service Chase Brass & Copper Co. Waterbury, Connecticut
Juraschek, Francis	Advisor (Industrial Expansion) Iron and Steel Division	5/22/53-6/12/53	Asst. Director, Dist. & Avail. U. S. Steel Corp.,Pittsburgh, Pa.
Kadie, Francis R.	Advisor (Motor Vehicles) Motor Vehicles Division	4/14/52-10/14/52	Regional Manager & Asst. Secy. Chrysler Corporation, Fargo Div. Washington, D. C. office
Kahle, Franklin	Advisor (Machine Tools) Metalworking Equipment Division	4/28/52-9/12/52	Sales Engineer, G. A. Gray Co. Cincinnati, Ohio
Karlen, Gottfried E.	Advisor (Douglas Fir Products) Lumber & Wood Products Division	12/12/51-8/17/52	Managing Partner of Karlin Davis Co. & Eatonville Lumber Co.
	Advisor (Lumber) Lumber & Wood Products Division	8/18/52-6/30/53	Tacoma, Washington
Kates, Hyman G.	Consultant (Luggage & Leather Gds) Leather & Leather Products Div.	5/21/51-12/31/51	Vice President, Fulton Leather Goods Co., New York, New York
Kaveny, Thomas Jr.	Expert (Foundry Equipment) Metalworking Equipment Division	4/19/51-11/12/51	President, Herman Pneumatic Machine Co., Pittsburgh, Pa.
Keane, John J.	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-9/12/52	District Manager, Landis Tool Co. Detroit, Michigan
Keeling, Thomas C. Jr.	Dep. Director, Chemical Division	9/22/52-10/19/52	Asst. Vice President and Sales Mgr.
	Director, Chemical Division	10/20/52-5/23/53	Chemical Division, Koppers, Inc.
	Advisor (Chemicals) Chemical Div.	5/24/53-6/30/53	Pittsburgh, Pennsylvania
Keene, Walter L.	Commodity Industry Specialist (Metallurgy) Iron & Steel Division	8/11/52-6/30/53	Director, Research & Metallurgy Superior Steel Corp.,Carnegie, Pa.
Kellogg, Frederic R.	Commodity Industry Spec. (Nickel) Iron and Steel Division	8/12/53-12/4/53	Vice President, Apothecaries Hall Co., Waterbury, Connecticut

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Kellogg, Howard C.	Industrial Analyst (Machine Tools) Metalworking Equipment Division	1/23/52-2/22/52	Machine Tool Coordinator Ford Motor Co.,Highland Park,Mich.
Kells, Charles F.	Dir., Engine & Turbine Division	4/19/51-10/31/51	Manager, Area Development West Penn. Elec. Co., New York,N.Y.
Kendall, Ivan R.	Chief, Carbon Bars & Semi-Finished Section, Iron & Steel Division	11/14/52-5/29/53	Product Supervisor, Bethlehem Steel Co., Pittsburgh, Penna.
Kenney, Robert P.	Consultant (Alcohols, Solvents & Drugs), Chemical Division	1/29/51-4/26/53	Sales Manager, B. F. Goodrich Chemical Co., Cleveland, Ohio
Kent, Charles L.	Vice Chairman, Production Dir.Comm. Iron and Steel Division	7/8/53-11/21/53	Supervisor, Prod.Tech.Service Jones & Laughlin Steel Corp.
	Asst. Dir., Iron and Steel Div.	11/22/53-12/31/53	Pittsburgh, Pennsylvania
Kentnor, Charles B. Jr.	Chief, Industrial Heating Section Metalworking Equipment Division	12/12/51-6/27/52	President, W. S. Rockwell Co. Fairfield, Connecticut
Kentro, Richard R.	Advisor (Machine Tools) Metalworking Equipment Division	8/6/52-2/8/53	Supervisor, Mach. Proc. Eng."A" Staff, Ford Motor Co. Dearborn, Michigan
*Kerber, William	Director, Iron & Steel Division	4/7/54-10/26/54	Vice President, Hanna Furnace
	Consultant, Iron & Steel Division	10/27/54-11/15/55	Corp., Detroit, Michigan
Kerr, Arthur John	Chief, Valves & Fittings Branch General Components Division	10/17/51-11/18/51	Vice President, Rockwell Mfg. Co. Pittsburgh, Pennsylvania
	Director, General Components Div.	11/19/51-5/8/52	
Kinney, George R.	Chief, Forge & Press Section Metalworking Equipment Division	4/25/52-9/30/52	Sales Manager, The V & O Press Co., Div. of Emhart Mfg. Co. Hudson, New York
Klingberg, William R.	Advisor on Exports, Agri.,Mach. & Implements Division	8/14/51-12/18/51	Division Sales Manager Deere & Co., Export Dept.Moline,Ill.
*Klingenstein, Henry S.	Consultant, Copper Division	11/15/54-11/15/55	General Manager, Keystone Metal Co. Pittsburgh, Pennsylvania
Klippers, Harold W.	Advisor (Machine Tools) Metalworking Equipment Division	5/9/52-9/12/52	Asst. Sales Manager, Kearney & Trecker Co., Milwaukee, Wisc.
Klipstein, Kenneth H.	Asst. Director, Chemical Division	3/21/51-6/28/51	Asst. General Manager, Calco
	Director, Chemical Division	6/29/51-11/7/51	Chemical Division, American
	Asst. Admin., Chemical, Rubber & Forest Products Bureau	11/8/51-4/1/52	Cyanamid Corp., Bound Brook, N.J.

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Knight, Orie A.	Asst. Administrator for Labor Requirements	6/5/51-11/5/52	President, Oil Workers Inter. Union, Denver, Colorado
Knox, Howard A.	Chief, Tin Mill Products Section Iron and Steel Division	5/26/52-11/25/52	Manager of Sales, Tin Mill Prod. Jones & Laughlin Steel Corp. Pittsburgh, Pennsylvania
Knox, Roger M.	Chief, Machine Tool Section Metalworking Equipment Division	5/8/52-7/19/52	Assistant to President Fellows Gear Shaper Co.
	Chief, Machinery Branch Metalworking Equipment Division	7/20/52-10/15/52	Springfield, Vermont
Koester, Edward C.	Chief, Cold Drawn Bar Section Iron and Steel Division	5/2/51-8/27/51	Sales Representative, Pilgrim Drawn Steel Div., Detroit, Michigan
* Krause, Charles W.	Director, Water & Sewerage Ind. & Utilities Division	11/9/54-6/23/55	District Manager, Neptune Meter Co. New York, New York
	Consultant, Water & Sewerage Ind. & Utilities Division	6/24/55-11/15/55	
Kremp, Felix	Commodity Industry Analyst, Chief Tool Steel Section, Iron and Steel Division	3/6/51-6/30/53	Asst. Prod. Sales Manager Crucible Steel Co. of America Syracuse, New York
**Krohn, Gilbert H.	Chief, Stainless, Hi-Temp, Alloy and Tool Steel Branch, Iron and Steel Division	2/6/56	Sales Representative, Babcock & Wilcox Co., Tubular Products Div. Chicago, Illinois
Kusick, Harry F.	Consultant (Railway Signals) Railroad Equipment Division	7/17/51-8/22/51	Superv. Trans. Research Union Switch & Signal Co.
	Advisor (Signalling Equipment) Railroad Equipment Division	8/23/51-12/31/51	Swissvale, Pennsylvania
* LaGrelius, Elmer L.	Chief, Stainless, Hi-Temp. Alloy & Tool Steel Br., Iron & Steel Div.	4/12/55-2/5/56	Research Metallurgist, Eastern Stainless Steel Corp., Balto., Md.
Lamden, Sidney K.	Advisor (Industrial Rubber Goods) Rubber Division	6/26/51-9/29/51	Manager, Special Products Div. Dayton Rubber Co., Dayton, Ohio
	Advisor (Industrial Rubber Goods Prod.), Rubber Division	9/30/51-3/6/52	
Landis, Paul S.	Asst. Chief, Plate Section Iron and Steel Division	4/10/51-9/29/51	Claymont Steel Co., Division of Colo. Fuel & Iron, Claymont, Dela.
	Chief, Plate Section Iron and Steel Division	9/30/51-11/24/52	

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Landsell, Herbert C.	Advisor (Pole Line Equipment) Electrical Equipment Division	11/7/51-4/11/52	Assistant Manager, Lubbard & Co. Cicero, Illinois
Lane, Edward H.	Consultant (Small Business) Office of Small Business	12/10/50-3/16/51	President, The Lane Co. Alta Vista, Virginia
Langton, Bernard B.	Expert (Intermediates) Chemical Division	3/9/51-4/29/52	Manager, Intermediate Sales Monsanto Chemical Co., St.Louis, Mo.
* Larsen, Harold	Commodity Industry Analyst Iron and Steel Division	1/23/51-9/15/51	Asst. in Charge of Sales Primary Nickel, International
	Chief, Nickel Sec.,Iron & Steel Div.	9/16/51-10/14/52	Nickel Co.,Inc., New York, N.Y.
	Advisor (Nickel), Iron & Steel Div.	10/15/52-3/18/54	
	Advisor (Nickel), Iron & Steel Div.	3/19/54-11/15/55	
Larson, L. Keville	Consultant (Pulp), Pulp, Paper and Paperboard Division	3/19/51-6/30/53	Sales Manager, Weyerhaeuser Timber Co., Pulp Div.,New York,N.Y.
Laub, Gustav	Advisor (Ferro-Alloys) Iron and Steel Division	6/25/53-6/30/54	Vice President in Charge of Sales Vanadium Corp. of America, N.Y.,N.Y.
* Lawrence, George E.	Advisor (Scientific & Tech.Equip.) Scient.,Mot.Picture & Photo.Prod.Div.	10/2/53-9/19/54	Asst. to Sales Vice President Bausch & Lomb Optical Co. Rochester, New York
	Special Assistant to Deputy Admin.	9/20/54-1/13/55	
	Consultant, Scient.,Motion Picture, & Photographic Products Division	1/14/55-11/15/55	
* Lawson, Harry M.	Chief, Steam Turbine Section Engine and Turbine Division	1/12/53-11/4/55	Turbine Specialist, Apparatus Sales General Electric Co.,Phila, Penna.
Lawson, James M.	Asst. to Dir., Metalworking Equip. Division	5/29/53-12/10/53	General Foreman, Norton Co. Worcester, Massachusetts
* Lea, Leonard G.	Deputy Director, Containers and Packaging Division	6/28/55-1/3/56	Vice President, Kleckhefer Container Co., Camden, New Jersey
Leeds, Earl P.	Chief, Product Distribution Branch Metalworking Equipment Division	1/5/53-2/8/53	Sales Director, Brown & Sharpe Mfg. Co., Providence, Rhode Island
	Dep. Dir.,Metalworking Equip. Div.	2/9/53-4/5/53	
	Director, Metalworking Equip. Div.	4/6/53-6/28/53	
Lennon, John J.	Chief, Raw Materials Branch Copper Division	1/21/52-7/18/52	Manager, Scrap Purchases American Metal Co., Inc. New York, New York

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Levinthal, Louis E.	NPA Commissioner NPA Commissioner	4/23/52-6/30/53 7/1/53-6/30/54	Judge in Court of Common Pleas Philadelphia, Pennsylvania
** Lickey, Edward F.	Consultant, Metalworking Equipment Division	10/14/55	Retired
Llewelyn, Clyde	Chief, Cold Drawn Bar Section Iron and Steel Division	4/17/52-10/31/52	Vice President, Bliss & Laughlin, Inc., Harvey, Illinois
Lobaugh, Edwin R.	Commodity Industry Specialist (Leather), Leather, Shoes and Allied Products Division	10/26/53-9/19/54	None
Loegler, Walter L.	Advisor (Machine Tools) Metalworking Equipment Division	5/5/52-9/12/52	District Manager, Warner & Swasey Co., Chicago, Illinois
London, Maurice	Consultant, Forest Products Div.	9/13/54-2/28/55	Vice President, Hudson Pulp and Paper Corp., New York, N.Y.
Long, Arthur M.	Consultant, (Tin Plate) Tin, Lead & Zinc Division	10/11/50-7/20/51	Assistant General Manager Youngstown Sheet & Tube Co. Chicago, Illinois
Long, William S.	Chief, Industrial Rubber Goods Section, Rubber Division	8/1/51-9/21/51	Pacific Coast Manager, Mech. Div. U. S. Rubber, Los Angeles, Calif.
Lorenz, Theodore E.	Advisor, Machine Tools Metalworking Equipment Division	6/25/52-1/30/53	Western District Field Engineer at Burbank, California office of Giddings & Lewis of Fond du Lac, Wisconsin
Love, Lincoln G.	Dep. Dir., Metalworking Equip. Div.	1/24/52-8/1/52	Non-Production Purchasing Agent Ford Motor Co., Tank Division Highland Park, Michigan
Lower, Martin E.	Advisor, Sanitary Food Containers Containers & Packaging Division	4/15/52-6/30/53	Assistant Vice President Sealright Co., Inc., Fulton, N.Y.
*Lucas, Elbert J.	Consultant, Automotive Division	11/1/54-11/15/55	Vice President, Kingham Trailer Co., Inc., Louisville, Kentucky.
Lucas, Wilford E.	Chief, Valves Section General Components Division	10/27/52-2/20/53	Sales Engineer, Taylor Forge & Pipe Works, New York, New York

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
* Lucier, Ralph L.	Dep.Dir.,Communications Equip.Div.	8/26/52-12/14/52	President & General Manager
	Director,Communications Equip.Div.	12/15/52-2/14/53	United Telephone Co., Inc.
	Advisor (Communications Equip.)	2/15/53-6/30/53	Warsaw, Indiana
	Advisor (Communications Equip.)	7/1/53-11/15/55	
Ludwig, John N., Jr.	Commodity Specialist (Metallurgy) Iron and Steel Division	6/25/51-11/10/51	District Manager, Service Electro-Metallurgical Co., Div.
	Commodity Specialist (Chromium) Iron and Steel Division	11/11/51-12/2/53	of Union Carbide & Carbon Corp. Pittsburgh, Pennsylvania
Lynch, Thomas F.	Consultant (Book Binding) Printing & Publishing Division	4/4/51-6/30/53	Representative,Public Relations Geo. A. Pflaum, Publisher Dayton, Ohio
Lynham, Cameron B.	Consultant (Office Machinery) Service Equipment Division	3/20/51-7/7/51	
	Director, Service Equip. Div.	7/8/51-6/7/52	
McCafferty, Merrick B.	Commodity Industry Analyst Iron and Steel Division	3/14/51-3/15/53	District Sales Manager Wheeling Steel Corporation
	Chief, Program & Requirements Iron and Steel Division	3/16/52-4/24/52	Cleveland, Ohio
	Dep.Dir.,Iron and Steel Division	4/25/52-7/8/52	
	Director, Iron & Steel Division	7/9/52-9/30/52	
McCann, Robert M.	Chief, Tire & Tube (Prod.) Section Rubber Division	5/7/51-3/4/52	Assistant to Vice President Firestone Tire & Rubber Co.
	Advisor (Tires & Tubes)Rubber Div.	3/2/52-6/30/53	Akron, Ohio
	Advisor (Tires & Tubes), Chemical and Rubber Division	7/1/53-11/19/54	
McCargo, William T.	Commodity Industry Analyst Metalworking Equipment Division	2/16/51-10/19/51	Manager, Sales Engineer Carborundum Co., Niagara Falls, N.Y.
McCarthy, Eugene F.	Dep.Dir.,Gen.Components Division	6/6/51-10/10/51	Vice President, Beals, McCarthy &
	Director, General Components Div.	10/11/51-10/31/51	Rogers, Inc., Buffalo, N.Y.
McClelland, F. Alexander	Chief, Tin Plate Section Iron and Steel Division	7/31/51-12/14/51	Manager of Sales, Tin Plate Division Wheeling Steel Corporation Wheeling, West Virginia

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McClure, B. Rush	Industrial Analyst (Fractional Horsepower Motors & Generators) Electrical Equipment Division	5/21/52-6/30/53	Assistant to Manager of Marketing FHP Motor Dept. Gen. Elec. Co.,Ft.Wayne, Indiana
McCollom, Robert N.	Expert (Switchgears) Electrical Equipment Division	4/9/51-2/29/52	Central Station Supervisor Westinghouse Electric Corp. Detroit, Michigan
McCollough, Vertie B.	Chief, Tillage Tools Branch Agricultural, Machinery and Implements Division	11/18/52-4/26/53	General Supervisor, International Harvester Company, Materials Control, Chicago, Illinois
* McCord, A. King	Chief, Farm Machinery Section Machinery Division	4/11/51-5/12/51	President, Oliver Corporation Chicago, Illinois
	Director, Agri., Mach. & Implements Division	5/13/51-6/29/51	
	Advisor (Agri. Equipment)	9/9/53-11/15/55	
McCoy, Verl E.	Dir., Railroad Equipment Division	10/21/52-6/30/53	Chief Purchasing Officer, Chicago Milwaukee & St. Paul Railroad Chicago, Illinois
McCune, William J.	Chief, Stainless Steel Section Iron and Steel Division	8/24/51-1/10/52	Asst. General Manager of Sales Sharon Steel Corp., Sharon, Penna.
* McDonald, Alois J.	Consultant, Iron & Steel Division	1/2/51-10/28/51	Vice President
	Chief, Castings Section Iron and Steel Division	10/29/51-1/8/53	American Steel Foundries Chicago, Illinois
	Advisor (Castings), Iron & Steel Div.	1/9/53-3/13/54	
	Advisor (Castings), Iron & Steel Div.	3/14/54-11/15/55	
McDonald, Richard A.	Assistant Administrator, Industrial, Agricultural & Equipment Bureau	2/12/52-9/15/52	Chairman of Executive Committee (Executive Vice President)
	Administrator, Office of Administrator	9/16/52-12/19/52	Crown Zellerbach Corporation San Francisco, California
McGroarty, Joseph F.	Chief, CMP-4C Section Chemical Division	11/16/51-2/14/52	Manager, Rahway Merck & Co. Washington, D. C.
	Chief, Facilities Branch Chemical Division	2/15/52-5/23/52	

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* McKinney, Arthur W.	Consultant, Oil Field Equipment Agri.,Cons. & Mining Equip. Div.	5/18/54-11/15/55	President, National Supply Co. Pittsburgh, Pennsylvania
McLaren, Albert J.	Advisor (Machine Tools) Metalworking Equipment Division	4/28/52-1/30/53	Industrial Engineer, The Cross Co. Detroit, Michigan
McLaurin, Hugh H.	Advisor, Machine Tools Metalworking Equipment Division	5/5/52-9/12/52	Assistant Sales Manager Domestic Sales, Lodge & Shipley Co., Cincinnati, Ohio
McMullen, John G.	Head, Acids Unit, Chemical Div.	5/24/51-2/16/52	Specialist, Allied Chemical &
	Asst. Chief, Inorganic & Agri. Chemical Br., Chemical Division	2/17/52-5/11/52	Dye Corporation, General Chemical Division
	Chief, Inorganic and Agri. Chem. Branch, Chemical Division	5/12/52-6/30/53	New York, New York
McNair, William M.	Chief, Wood Pulp Section Pulp, Paper & Paperboard Division	1/16/52-8/8/52	Assistant Manager, Pulp Division St. Regis Paper Co., N.Y., N.Y.
McWain, Lyman J.	Chief, Paper Cup & Containers Sec. Containers & Packaging Division	1/22/52-7/16/52	Administrative Assistant to the President, Lily-Tulip Cup Corp.
	Chief, Program & Requirements Br. Containers & Packaging Division	7/17/52-9/22/52	New York, New York
	Advisor (Require.) Cont. & Pkg.Div.	9/23/52-6/30/53	
	Advisor (Require.)Cont. & Pkg. Div.	7/1/53-8/24/54	
**Macauley, Irving P.	Director, Aluminum & Magnesium Div.	2/13/56	Vice President, Executive Sales Reynolds Metal Co., New York, N.Y.'
MacFarlan, Malcolm V.	Special Assistant, Synthetic and Silk Textile, Textile Division	3/17/52-10/31/52	Assistant Manager, Viscose Sales Div., American Vicose Corporation New York, New York
MacKenna, Leon J.	Chief, Condenser Section Engine and Turbine Division	1/26/53-4/30/53	Sales Engineer, Worthington Corp. New York, New York
MacLeod, John H.	Assistant to Director Containersand Packaging Division	9/2/51-12/2/51	Vice President and Director of Sales, National Container Corp.
	Advisor (Paper Shipping Containers) Containers & Packaging Division	12/3/51-2/1/52	New York, New York
* Macy, J. Noel	Director, Print. & Pub. Division	4/30/52-1/18/53	Chairman
	Advisor (Printing & Publishing) Forest Products Division	1/19/53-6/30/53	Board of Vision, Inc. New York, New York
	Advisor (Printing & Publishing) Forest Products Division	7/1/53-11/15/55	

Name	Position in NPA BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Madden, James L.	Special Assistant to Director Pulp, Paper & Paperboard Div.	4/18/51-11/19/51	President, Hollingsworth and Whitney Co ., Boston, Mass.
	Advisor (Pulpwood) Pulp, Paper and Paperboard Division	11/20/51-1/8/52	
Magruder, Joseph H.	Chief, Paper Cup & Containers Sec. Containers & Packaging Division	5/17/51-5/15/52	Special Assistant to Vice President Dixie Cup Co., Easton, Penna.
Maloney, John W.	Chief, Sanitary & Tissue Section Pulp, Paper & Paperboard Division	5/7/51-8/4/51	Vice President - Sales Hoberg Paper Mills, Inc. Green Bay, Wisconsin
	Director, Pulp, Paper & Paperbd.Div.	8/5/51-4/29/52	
	Commodity Specialist (Tissue & Sanitary Paper), Pulp, Paper and Paperboard Division	4/30/52-3/31/53	
* March, Perrin G.,III	Director, Metelworking Equip. Div.	6/24/53-10/14/53	President, Cincinnati Shaper Co. Cincinnati, Ohio
	Assistant Administrator, Ofc.Admin.	10/15/53-2/7/54	
	Consultant, Office of Administrator	2/8/54-11/15/55	
Markey, Harold I.	Chief, Mechanical Power Trans. Br. General Components Division	12/6/51-8/15/52	Manager of Eastern Sales Office Diamond Chain Co., Phila., Penna.
Marsilius, Philip F.	Chief, Tool, Die, Jig & Fixture Unit General Industrial Equipment Div.	5/4/51-2/14/52	Vice President, Engineering Serv. Producto Machine Co. Bridgeport, Connecticut
** Martin, Roger H.	Chief, Carbon & Alloy Flat Rolled & Tubular Products Branch Iron and Steel Division	12/12/55	Asst. Mgr., Tubular Products Jones & Laughlin Steel Corp. Pittsburgh, Pennsylvania
** Martin, Terry B.	Director, Electrical Equipment Division	2/15/56	Standards Engineer Square D Co., Milwaukee, Wisc.
Martin, Thomas J.	Head, Thermosetting Unit Chemical Division	6/14/51-12/26/51	Branch Sales Manager Monsanto Chemical Co.,Detroit,Mich.
Marvel, David T.	Chief, Brass Mill Branch,Copper Div.	11/28/51-2/18/52	General Sales Manager
	Dep. Asst. Administrator Metals and Minerals Bureau	2/19/52-6/30/52	Western Brass Mills East Alton, Illinois
* Marx, Graham E.	Dir., Metalworking Equip. Div.	8/12/54-2/3/55	President & General Manager
	Consultant, Metalwork. Equip. Div.	2/4/55-11/15/55	G.A.Gray Co.,Cincinnati, Ohio
* Mason, Francis M.	Consultant (Diesel Engines) Power Equipment Division	2/18/54-11/15/55	Coordinator of Govt. Business Fairbanks, Morse & Co. Chicago, Illinois

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Mason, Louis W.	Chief, Pipe Section Iron and Steel Division	12/29/52-6/30/53	Sales Manager, Central States National Tube Division U. S. Steel Corp., Chicago, Ill.
Mather, Malvern J.	Chief, Screw, Tubular Rivet and Washer Section, Gen.Components Div.	10/1/51-2/21/52	Executive Vice President, Allen Mfg. Co., Hartford, Conn.
*Mathews, Franklin R.	Asst. Chief (Mat. Req. & Prod. Br.) Rubber Division	6/26/51-1/19/52	Manager, Farm Tire Sales Mansfield Tire & Rubber Co.
	Advisor (Rubber Req. & Prod.) Rubber Division	1/20/52-6/30/53	Mansfield, Ohio
	Advisor (Rubber Req. & Prod.) Chemical & Rubber Division	7/1/53-11/15/55	
Mathias, W. Kent	Commodity Industry Advisor (Machine Tools) Metalworking Equipment Division	4/24/51-2/22/52	Assistant to Sales Manager Cincinnati Milling Mach. Co. Cincinnati, Ohio
	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-9/12/52	
Matter, Elmer M.	Chief, Glycerine, Soap & Detergents Section, Chemical Div.	4/7/52-10/3/52	Unit Sales Manager, Proctor & Gamble Dist. Co. Minneapolis, Minnesota
Matthews, Albert J.	Consultant (Aircraft & Aircraft Equip.), Aircraft Division	1/18/51-12/7/51	Director of Priorities Airesearch Mfg. Co. Los Angeles, California
Mayer, John F.	Industrial Analyst (Machine Tools) Metalworking Equipment Division	4/17/52-9/5/52	Equipment Engineer employed by Continental Tooling Service, assigned to Bridgeport-Lycoming Div. of Avco Mfg. Co. at Bridgeport, Connecticut
Megran, Herbert B.	Dep. Dir., Agr. Mach. & Impl. Div.	5/8/51-8/13/51	President & General Manager
	Dir., Agr. Mach. & Implements Div.	8/14/51-8/20/51	Starline, Inc., Harvard, Ill.
Meisenbach, Richard	Chief, Auxiliary Power Equipment Engine & Turbine Division	3/6/52-7/31/52	Dir. of Special Prod. Div. J. B. Beaird Co., Inc. Shreveport, Louisiana
Melton, James V.	Chief, Waxed Paper Section Pulp, Paper and Paperboard Div.	4/26/51-4/25/52	Sales Director, Waxed Paper Div. Pollock Paper Co., Dallas,Texas

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
** Merliss, Frederick A.	Dep. Director, Aluminum and Magnesium Division	11/30/55	General Supt., United Smelting & Aluminum Co., Inc. New Haven, Connecticut
Merryweather, George E.	Assistant to Director, (Facilities Exp.), Metalworking Equip. Div.	5/8/52-11/19/52	Secretary, Match & Merryweather Mach. Co., Cleveland, Ohio
Meyer, Albert F.	Advisor on Gages & Precision Measuring Instr., Metalwk.Equip.Div.	7/5/51-11/10/51	Vice President, Meyer Equip. Co. Buffalo, New York
Meyrowitz, Alvin A.	Advisor (Policy & Procedure Plan.) Copper Division	9/25/51-6/13/52	Vice President, H. Kramer & Co. Chicago, Illinois
Mikulec, Anthony L.	Advisor (Machine Tools) Metalworking Equipment Division	6/9/52-9/12/52	Sr. Partner & Gen. Manager J. L. Osgood Mach. & Tool Co. Buffalo, New York'
Miller, Albert	Advisor (Machine Tools) Metalworking Equipment Division	5/12/52-1/30/53	Sales Engineer, Gould & Eberhardt, Inc., Irvington, New Jersey
Miller, Ross D.	Assistant to Assistant Admin. Textile, Leather & Spec.Equip.Bureau	3/19/51-11/30/51	President, Wm. Freehofer Baking Co. Allentown, Pennsylvania
Milling, James A.	Cons.(Ch.,Elect.Equip.Section)	3/6/51-1/31/52	Vice President, RCA Service Co.,Inc.
	Director, Electronics Division	2/1/52-7/2/52	Camden, N.J.
	Advisor (Electronics)	7/3/52-4/26/53	
Minturn, Charles B.	Advisor (Machine Tools) Metalworking Equipment Division	4/21/52-9/12/52	Sales Eng., Cincinnati Milling & Grinding, Detroit, Michigan
Misenhimer, Joy B.	Commodity Industry Analyst (Chief, Metal Section) Containers and Packaging Division	1/10/51-3/10/52	General Manager of Planning American Can Company New York, New York
Mitchell, Charles F. Jr.	Chief, Stainless Steel Section Iron and Steel Division	6/1/53-12/10/53	Manager, Stainless Strip Sales Allegheny Ludlum Steel Corp. Pittsburgh, Pennsylvania
Mitchell, Irving E.	Advisor on Production Problems Civilian Requirements Bureau	6/14/51-7/24/52	President, San Diego Glass & Paint Co., San Diego, Calif.
Mohler, John W.	Advisor (Tractors) Construction Machinery	10/31/51-3/2/52	Asst. Director of Sales Caterpillar Tractor Co.
	Dep. Dir., Construction Mach. Div.	3/3/52-7/5/52	Peoria, Illinois
	Director, Construction Mach. Div.	7/6/52-12/13/52	
	Advisor (Construction Machinery)	12/14/52-1/12/53	

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*	Mohr, Thomas S.	Dep. Dir., Scientific, Motion Picture & Photo. Products Div.	12/10/54-6/26/55	Administrative Asst. to President Taylor Instrument Companies
		Cons.,Scient.,Mot.Pic.&Photo.Prod.	Div. 6/27/55-11/15/55	Rochester, New York
	Monnett, Albert A., Jr.	Special Assistant to Director on Market Research, Iron & Steel Div.	4/14/52-2/9/53	Assistant Director, Research Comm. U. S. Steel Co.
		Advisor (Plant Capacity), Metals & Minerals Bureau, Ofc. Admin.	2/10/53-6/30/53	Pittsburgh, Pennsylvania
	Moomaw, N. Rufus, Jr.	Advisor (Machine Tools) Metalworking Equipment Division	5/19/52-10/12/52	Sales & Process Engineer, Cincinnati Milling Machine Co. Cincinnati, Ohio
	Moore, John W.	Chief, Board Section, Pulp, Paper & Paperboard Division	4/18/51-11/19/51	Asst. to General Sales Manager International Paper Co.
		Chief, Paperboard Mfg. Branch Pulp, Paper & Paperbd. Div.	11/20/51-2/7/52	New York, New York
		Advisor (Paper Board) Pulp, Paper & Paperboard Div.	2/8/52-3/31/53	
*	Moore, Thomas J. Jr.	Director, Iron & Steel Division	4/26/55-11/29/55	Director of Purchases, LaSalle Steel Co., Chicago, Illinois
		Consultant, Iron & Steel Division	11/30/55	
	Moran, Frank X.	Advisor (Machine Tools) Metalworking Equipment Division	5/8/52-9/12/52	Vice President, Treasurer and Sales Manager, Carlton Machine Tool Co., Cincinnati, Ohio
	Morian, Clarke H., Jr.	Chief, Specialty Paper and Wood Board Section, Pulp, Paper and Paperboard Division	5/14/51-4/25/52	Eastern Sales Manager Hollingsworth & Whitney Co. New York, New York
	Morin, George R.	Advisor, Machine Tools Metalworking Equipment Division	4/28/52-1/30/53	Chief Sales Engineer, Jones & Lamson Machine Co., Springfield, Vermont
	Morris, Edmund T., Jr.	Director, Electronics Division	6/1/51-1/31/52	Division Manager, Westinghouse Electric, Baltimore, Maryland
	Morris, Lewis J.	Chief, Pipe Fittings Section General Components Division	11/26/51-6/27/52	Sales Representative, Tube Turns, Inc. Pittsburgh, Pennsylvania
*	Morrison, Carl G.	Director, Chem. & Rubber Div.	8/16/54-1/11/55	Manager of Manufacturing
		Consultant, Chem. & Rubber Div.	1/12/55-11/15/55	Apartado 4087, Esso Standard Oil Co. S. A., Havana, Cuba

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Morse, Robert O.	Advisor (Machine Tools) Metalworking Equipment Division	4/17/52-9/26/52	Foreign Sales Dept., Niles Bement-Pond Co., New York, New York
Moskowitz, Herman D.	Acting Chief, Scrap Section Iron and Steel Division	2/4/52-8/27/52	Vice President, Schiavone-Bonomo Corp., Jersey City, N.J.
Motock, George T.	Advisor (Ferro-Alloys) Iron and Steel Division	7/2/53-12/2/53	Technical Consultant, Electro-Manganese Corp.,Cleveland, Ohio
Mowry, Ralph W.	Vice Chairman, Production Directive Committee, Iron & Steel Division	8/28/52-3/24/53	Manager, Order Dept.,Youngstown Sheet & Tube Co.,Youngstown, Ohio
Moyer, Charles S.	Consultant (Box & Board) Pulp, Paper & Paperboard Division	2/28/51-5/12/51	Vice President, Central Fiber Prod. Co., Inc., Chicago, Illinois
Moyer, Robert H.	Chief, Intermediates Section Chemical Division	3/3/52-7/10/52	Development Mgr.-Intermediates E. I. duPont de Nemours & Co.
	Chief, Coal Tar Chemicals, Dyes & Intermediates Br.,Chemical Div.	7/11/52-10/24/52	Wilmington, Delaware
Moyers, Haller H.	Chief, Certificate of Necessity Chemical Division	6/2/52-11/28/52	Sr. Technologist, Shell Chem. Corp., New York, New York
Mueller, Bruno R.	Chief, Tube Section, Iron and Steel Division	4/17/52-1/8/53	Asst. Manager of Sales Pittsburgh Steel Co.
	Advisor (Tubing) Iron & Steel Div.	1/9/53-6/30/53	Pittsburgh 30, Pennsylvania
Mulford, Allen	Chief, Program & Requirements Br. Engine and Turbine Division	4/17/52-10/21/52	Commercial Vice President. Inter. Gen. Electric Co., N.Y., N.Y.
Mullally, Joseph W.	Commodity Industry Advisor (Wire & Cable), Copper Division	4/25/51-5/26/51	Manager, Utility Sales Anaconda Wire & Cable Co.
	Deputy Director, Copper Division	5/27/51-12/12/51	New York, New York
	Advisor (Copper), Copper Division	12/13/51-3/12/52	
Mullestein, William E.	Consultant (Plate),Iron & Steel Division	10/11/50-7/20/51	Manager, Field Service, Lukens Steel Co., Coatesville, Penna.
* Mullin, Howard J.	Director, Iron & Steel Division	10/27/54-4/25/55	Manager of Sales, U. S. Steel Corp.
	Consultant, Iron & Steel Div.	4/26/55-11/15/55	New York, New York
Munro, Robert W.	Industrial Analyst (Heat Exchang.) Engine & Turbine Division	3/6/52-7/31/52	Phila. District Manager Griscom-Russell Co., Phila., Penna.

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Murphy, Richard W.	Consultant (Operations) Textile, Leather and Specialty Equipment Bureau	12/28/50-7/12/52	Manager, National Cash Register Co., New York, New York
	Deputy Assistant Administrator for Textile, Leather and Specialty Equipment Bureau	7/13/52-9/18/52	
	Assistant Administrator for Textile, Leather and Specialty Equipment Bureau	9/19/52-12/14/52	
	Advisor, Textile, Leather and Specialty Equipment	12/15/52-5/15/53	
Mussell, Frank	Director, Agricultural Machinery & Implements Division	12/5/51-6/5/52	Manager, Eastern Territory Allis-Chalmers Mfg. Co. Milwaukee, Wisconsin
Myers, Ward R.	Staff Assistant (Scheduling and Expediting), Metals and Minerals Bureau, Office of the Administrator	2/7/52-3/25/53	Group Supervisor - Consultant E. I. du Pont de Nemours & Co., Inc. Wilmington, Delaware

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Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Nabb, Delmar A.	Advisor (Steel Production) Iron & Steel Division	8/24/51-12/19/51	Sharon Steel Corp.,Sharon,Pa. - Sales
Nail, Charles E.	Chief, Tube Section, Iron & Steel Division	12/1/52-5/15/53	Shenango Agaloy Tube Co., Sharon, Pa. Asst. to Vice President
* Natwick, Albert G.	Chief, Raw Materials Br.	4/1/52-6/30/52	East Texas Pulp & Paper, Co., Evadale, Texas - Resident Manager
	Director, Pulp, Paper & Paperboard Div.	7/1/52-6/30/53	
	Director, Pulp, Paper & Paperboard Div.	7/1/53- 3/7/55	
	Consultant Forest Products Div.	3/8/55 - 11/15/55	
Naughton, Edward M.Jr.	Director, Engine & Turbine Division	11/3/52-4/1/53	Utah Power & Light Co. Salt Lake City - Asst. Gen. Mgr.
	Director, Electric & Power Equipment Division	4/2/53-5/7/53	
Nelson, H. Lloyd	Advisor (Water Facilities Components) Water Resources	10/11/51-12/7/51	U.S. Pipe & Foundry Co. Burlington,N.J. Director, Market Research & Promotion United Concrete Pipe Corp. Baldwin Park, Calif. - President
Nelson, Harold J.	Advisor (Machine Tools) Metalworking Equipment Div.	4/29/52-9/12/52	Geo. Gorton Machine Co., Racine, Wisc. Assistant Sales Manager
* Nemir, Albert S.	Consultant, Food Industries Division	3/22/54-11/15/55	Self-Employed - Industrial Consultant Economic Advisor to Food Industry, Washington, D.C.
Newell, Louis M.	Consultant (Textile Machinery) General Ind. Equipment	3/1/51-12/6/51	Draper Corp., Hopedale, Mass. - Mgr. Export Sales
Newton, Clifford L.	Director, Comm. Equip. Div.	2/2/53-8/26/53	Southern Bell Tele. Atlanta, Ga. Supplies & Motor Vehicles Superintendent
Nice, Harold E.	Comm.Ind.Spec.,Iron & Steel Div.	12/17/51-7/31/52	Harshaw Chemical Co., Cleveland, Ohio
	Comm.Indus.Spec.(Nickel)	8/3/53-12/2/53	Divisional Sales Mgr.
Nichols, Milton H.	Advisor (Machine Tools) Metalworking Equipment Div.	5/12/52-9/12/52	Giddings & Lewis Machine Tool Co. Fond du Lac, Wisc. - Northwestern Dist. Field Engineer,NYC Office
Nichols, Thomas S.	Asst to Admin. Off. of Admin.	2/27/51-4/22/51	Mathieson Chem. Corp. Baltimore,Md.
	Deputy Admin. Off. of Admin.	4/23/51-7/7/51	President & Chairman of Bd. of Dir.
	Advisor, Off. of Admin.	7/8/51-9/15/51	

Name	Position in NPA-BDSA	Period of Services	Company Affiliation and Position at Time of Duty
Nickerson, Karl	Chief, Boiler Section, Engine & Turbine Div.	1/23/53-6/30/53	Applic. Engineer, Babcock & Wilcox Co. Cincinnati, Ohio
	Chief, Boiler Section, Elec. & Power Equip Div	7/1/53-6/1/54	
Niebling, Louis H.	Indus. Analyst (Fab. Metal Pipe) Engine & Turbine Div	12/19/52-6/11/53	Director, Controlled Materials, Midwest Piping & Supply Co, Inc. St. Louis, Mo.
Niemann, Louis H.	Comm. Ind. Anal. (Electronic Tube Section) Electronics Div.	5/1/51-10/27/51	Manager, Field Engineering, Sylvania Elec. Prod., Inc. N.Y.C.
Nixon, G. Wilbur	Chief, Scrap Section Copper Division	3/17/52-1/9/53	Purchasing Agent, Fed. Metals Div., American Smelting & Ref, Phila., Pa.
Nolan, Arthur	Consultant (Natural Rubber & Latex, Rubber Division	6/27/51-6/30/53	Vice Pres. & Gen Mgr., Latex & Rubber Inc., Baltimore, Md.
Norburg, Royce D.	Ind. Analyst (Metals Products) Engine & Turbine Div.	10/22/52-3/1/53	Controls Administration, Butler Mfg. Co., Kansas City, Mo.
Norris, Paul M.	Comm. Ind. Spec. (Metal Farming Machinery) Metalworking Equipment Division	3/26/51-10/26/51	Sales Mgr., Denison Engineering Co. Columbus, Ohio
Norton, Wendell P.Jr.	Advisor (Machine Tools) Metalworking Equipment Div.	4/28/52-9/12/52	Master Mechanic, Fellows Gear Shaper Co. Springfield, Vt.
Norwood, Stanley M.	Chief, Ferro Alloys Branch Iron & Steel Div.	4/1/52-3/12/53	Vice President, Union Carbide & Carbon Co., Electro Metallurgical Division, New York City
	Advisor (Ferro Alloys) Iron & Steel Div.	3/13/53-6/30/53	
Nyhan, James E.	Chief, Cold Drawn Bar Section Iron & Steel Division	5/22/53-11/16/53	Asst. Mgr., Production, LaSalle Steel Co., Chicago, Ill.
Nyland, William A.	Advisor (Protective Coatings) Chemical Div.	1/26/52-4/24/53	Owner and Chemical Consultant of the Gage Lab., New York City, N.Y.
Oatman, Atwood B.	Chief, Artificial Graphite Misc. Metals & Minerals Div.	7/24/51-5/25/52	Asst. District Manager, National Carbon Co. of Union Carbide & Carbon Corp., N.Y.C.
	Chief, Artificial Graphite Misc. Metals & Minerals Div.	5/26/52-11/7/52	
Oberlink, Boyd S.	Advisor (Tractors) Construction Machinery Div.	4/3/52-11/16/52	Vice President, Allis Chalmers Mfg. Co., Milwaukee, Wisc.
	Director, Const. Mach. Div.	11/17/52-6/30/53	
Ogg, Wilfred R.	Advisor (Machine Tools) Metalworking Equip. Div.	5/5/52-9/12/52	Dist. Mgr., Norton Co., Chicago, Ill.

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Oheim, Curt L.	Director, Agric. Mach. & Implements Div.	8/7/51-12/6/51	Vice Pres., Gen. Mgr., Deere & Co., Kansas City, Missouri
O'Keefe, Arthur F.	Director, Chemical Div.	2/19/53-5/23/53	Sales Prod. Coord. Mgr., U. S. Rubber Co., Naugatuck Chem. Div., Naugatuck, Conn.
	Deputy Asst. Admin.	5/24/53-7/9/53	
	Deputy Administrator	7/10/53-9/30/53	
	Consultant, Off. of Admin.	10/1/53-11/15/55	
Olsher, Harry	Consultant Mag. Prod. & Circulation, Prt. & Pub.Div.	3/27/51-11/10/52	Asst. to Chairman, Ziff Davis Publishing Co., N.Y.C.
O'Neil, Thomas J.	Advisor (Automobiles) Motor Vehicles Div.	5/6/52--10/31/52	Mgr. New & Used Car Sales Dept., Ford Motor Co. Ford Div., Dearborn, Mich.
* Oram, Allan Searle	Chief, Business Research & Analysis Br. Iron & Steel Div.	7/29/54--5/22/55	Mgr., Product Section, Comm. Research Div., U.S. Steel Corp., 525 Wm. Penn Pl., Pittsburgh 30, Pa.
	Consultant, Iron & Steel Div.	5/23/55-11/15/55	
* Orell, Bernard L.	Director, Forest Products Div.	2/8/54-7/21/54	Vice President, Weyerhaeuser Sales Co. St. Paul, Minn.
	Consultant, Forest Products	7/22/54-11/15/55	
Organ, Clyde W.	Chief, Sched. & Expediting Sec., Engine & Turbine Div.	5/9/52-4/24/53	Self employed, Utility Consultant, Central Ill. Light Co., Springfield, Ill.
Osband, William E.	Advisor (Critical Materials) Motor Vehicles Div.	1/14/52-4/30/52	Mgr., Nat. Used Cars Dept., Packard Motor Car Co., Detroit, Mich.
Osborn, Leroy R.	Advisor (Machine Tools) Metalworking Equip. Div.	5/19/52-1/30/53	Sales Engineer, Harrington-Wilson-Brown, New York City, N.Y.
Oschell, Herman F.	Chief, Scrap Section, Copper Division	1/5/53-6/30/53	Director of Metal Purchases, H. Kramer & Co., Ajax Metal Div., Philadelphia, Pa.
	Chief, Scrap Section, Copper Division	7/1/53-11/14/54	
Outman, Boyd J.	Consultant (Scrap) Iron & Steel Div.	2/13/51-11/10/51	Dist. Mgr., Detroit, Columbia Iron & Metal Co., Cleveland, Ohio
	Comm. Ind. Spec. (Scrap) Iron & Steel Div.	11/11/51-6/30/53	
* Owens, Joseph F.,Jr.	Chief, Defense Actions Br. Metalworking Equip. Div.	12/4/53-8/11/54	President, J. F. Owens Machinery Co. Syracuse, N.Y.
	Consultant, Metalworking Equipment Div.	8/12/54-11/15/55	
Owings, Jay Weldon	Expert (Pipe & Tube) Iron & Steel Div.	3/14/51-7/20/51	Asst. Gen. Mgr. Sales., Youngstown Sheet & Tube Co., Youngstown, Ohio

NAME	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Palmer, Elbridge W.	Director, Prnt. & Pub. Div.	2/27/51--6/9/51	President, Kingsport Press, Inc.,
	Spec. Advisor, Printing & Pub. Div.	6/10/51-6/30/53	Kingsport, Tenn.
Partridge, Gilbert D.	Advisor (Trucks) Motor Vehicles Div.	4/15/52-10/16/52	Representative, Wash. D.C. International Harvester Co. Chicago, Ill.
* Pasek, Leonard E.	Asst. Dir. for Pulp, Paper & Paperboard, Forest Products Div	1/22/53-7/9/53	Asst to Vice President, Kimberly Clark Corp., Neenah, Wisc.
	Assistant Administrator	7/10/53-10/30/53	
	Consultant, Off. of Admin.	10/31/53-11/15/55	
Patchin, Lloyd C.	Advisor (Machine Tools) Metalworking Equip. Div.	5/1/52-4/16/53	Supervisor of Development, The Gleason Works, Rochester, N.Y.
* Patterson, John M.	Comm. Ind. Analyst (GS-13) Misc. Metals & Minerals	11/6/51-4/27/52	New England Representative, The Beryllium Corp., Springfield, Mass.
	Advisor (Rare Earths)	4/28/52-6/30/53	
	Advisor (Rare Earths)	7/1/53-11/15/55	
Pattison, Donald M.	Advisor (Machine Tools) Metalworking Equip. Div.	4/28/52-11/16/52	Vice President, Sales., Warner & Swasey Co., Cleveland, Ohio
	Director, Metalworking Equipment Division	11/17/52-4/4/53	
Paulson, Richard L.	Advisor (Motor Vehicle Replacement Parts) Motor Vehicle Division	12/4/51-4/23/52	Head of Service Research, Gen. Motors Corp., Detroit, Mich.
Payette, Nelson L.	Advisor, Machine Tools, Metalworking Equip. Div.	8/14/52-2/15/53	Purch. Coordinator, Ford Motor Co., Dearborn, Mich.
Peck, Thomas N.	Dep. Director, Alum. & Mag. Div.	1/8/52-1/14/53	Director, Alum. Alloy Div., Chester, Pa., Vanadium Corp. of America, NYC
Peeke, Louis L.	Advisor (Limitation Orders) Metalworking Equip. Div.	11/20/51-4/27/52	S.E. Dist. Sales Mgr., Chevy Chase, Md., Giddings & Lewis Machine Tool
	Advisor (Machine Tools) Metalworking Equip. Div.	4/28/52-1/30/53	Co., Fond du Lac, Wisconsin
Pendergast, Thomas S.	Chief, Refrigeration & Pkging Equip. Br., Gen. Ind. Equip. Div.	8/19/52-2/27/53	Dir. of Sales, Universal Cooler Div., Tecumseh Products Co., Marion, Ohio
* Pendleton, Ethan M.	Director, Copper Division	10/13/54-4/13/55	Vice President, American Brass Co.
	Consultant, Copper Division	4/14/55--11/15/55	Waterbury, Conn.

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*	Perkins, George	Director, Aluminum & Magnesium Div.	7/22/54-1/27/55	General Director, Products & Market Sales Developments, Reynolds Metals Co., Louisville, Ky.
		Consultant	1/28/55-11/15/55	
	Peters, Harvey S., Sr.	Advisor (Machine Tools) Metalworking Equip Div.	5/19/52-9/12/52	Dist. Sales Engineer, Detroit, Mich, Giddings & Lewis Machine Tool Co. Fond du Lac, Wisc.
	Peters, William Earl	Advisor (Machine Tools) Metalworking Equip Div.	5/13/52-9/12/52	Chief Div.Engineer, Cincinnati Shaper Co., Cincinnati, Ohio
*	Peterson, George E.	Director, Copper Div.	4/14/55-11/1/55	Asst. to Pres.
		Consultant, Copper Div.	11/2/55--11/15/55	Simplex Wire and Cable Co. Cambridge, Mass.
	Peterson, Harry C.	Chief, Carbon Bars & Semi-Finished Sec. Iron & Steel Div.	7/9/52-2/27/53	Asst. to Mgr. of Sales, U.S. Steel Co., Pittsburgh, Pa.
	Peterson, J. Raymond	Deputy Director, Communication Equipment Div.	10/16/51-4/8/52	Asst. Vice Pres., Southwestern Bell Telephone Co. St. Louis, Mo.
	Phillips, William M.	Indus. Analyst, Motor Vehicles Div.	5/14/52-11/18/52	Consultant to Vice Pres. General Motors Research Div. Detroit, Mich.
*	Plant, Marvin S.	Consultant, Iron & Steel Scrap, Iron & Steel Div.	1/17/51-11/4/51	Treas. & Gen. Mgr., H. Klaff & Co. Inc., Baltimore, Md.
		Chief, Scrap Section	11/5/51-1/10/54	
		Advisor (Scrap)	1/11/54-11/15/55	
	Platz, Edward H., Jr.	Commodity Industry Specialist (Nickel) Iron & Steel Div.	7/7/52-12/2/53	Mgr., Alloy Div., Lebanon Steel Foundry, Lebanon, Pa.
	Pocock, Paul H.	Chief, Sheet & Strip Sec., Iron & Steel Div.	11/2/51-2/29/52	Asst. Mgr., Sheet & Strip, Republic Steel Corp., Cleveland, Ohio
*	Polk, Albert F.	Chief, Facilities, Distribution & Inventory Branch, Metalworking Equip. Div.	5/2/55-11/15/55	Vice-Chairman, The Sheffield Corp., Dayton, Ohio
	Pollard, Robert F.	Chief, PaperboardMfg. Branch Pulp, Paper & Paperboard Div.	2/8/52-8/8/52	Sales Rep., Continental Can Co. Inc. Hummel-Ross Div., Hopewell, Va.
**	Pommer, Clifford G.	Director, Shipbuilding, Railroad, Ordnance & Aircraft Div.	11/14/55	Manager-Marketing, Schenectady Aeronautic & Ordnance Systems Dept. General Electric Co., Schenectady 5, New York

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Porter, Julian A.	Asst. Chief, Foundry Branch, Copper Div.	11/2/51-8/24/52	President, Down River Casting Co., Rockwood, Michigan
	Advisor (Br. & Bronze Foundries & Ingot Makers), Copper Div.	8/25/52-12/5/52	
Porter, Murrice O.,Jr.	Ind. Analyst (Material Control) Copper Division	5/18/51-8/18/51	Central Dist. Mgr., Chicago, Ill., General Cable Co., NYC.
	Dep. Chief, Wire & Cable Branch Copper Division	8/19/51-1/25/52	
• Postweiler, Norval W.	Deputy Dir., Containers & Packaging Div.	1/26/55-6/27/55	Spec. Asst. to Mgr. (Sales Engineering) Riegel Paper Co., New York, N.Y.
	Asst. Admin. Off. of Admin.	6/28/55-12/31/55	
* Pothen, W. Elmer	Director, Communications Equipment Division	8/20/53-2/7/54	General Sales Manager, Northwestern Bell Telephone Co., 1805 Harney St., Omaha, Nebraska
	Asst. Admin., Off. of Admin.	2/8/54-6/30/54	
	Consultant, Off. of Admin.	7/1/54-11/15/55	
* Potter, Charles W.	Director, Comm. Equip. Div.	8/6/52-12/14/52	Asst. Vice President, American Telephone & Telegraph Co., 195 Broadway, New York 7, New York
	Asst. Admin.	12/15/52-12/7/53	
	Consultant, Off. of Admin.	12/8/53-11/15/55	
Prange, Victor H.	Chief, Warehouse Section, Iron & Steel Division	11/29/51-5/9/52	Vice President, Moncrief Lenoir Mfg. Co., Houston, Texas
Pratt, David R.	Chief, Rails & Accessories Sec., Iron & Steel Div.	2/6/52-2/17/54	Salesman, Bethlehem Steel Co., Bethlehem, Pa.
	Advisor (Steel Rails) Iron & Steel Div.	2/18/54-10/13/54	
Prenuergast, David T.	Asst. Chief, Inorg. & Agri. Chem. Branch, Chemical Div.	9/3/52-12/14/52	Sales Mgr., Agri. Chem., Western Div. Dow Chemical Co., San Francisco, Calif.
	Chief, Inorg. & Agri. Chem. Branch, Chemical Div.	12/15/52-2/2/53	
Price, Robert Endsley	Chief, Inorganic Acids Sec. Chemical Div.	12/13/51-6/30/52	Mgr. Technical Sales Fluoride, Harshaw Chemical Co., Cleveland, Ohio
Pritchard, John C.	Director, O.A.A., Office of Small Business	2/7/51-8/3/51	President & Gen. Mgr. Lumber Dealers, Inc. Denver, Colo.
Putze, Louis	Advisor, (Automatic Temp. Controls) S.I.T.E.	4/9/52-4/26/53	Pres. & Gen Mgr., Sampsel Time Control, Inc., Spring Valley, Ill.

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
	Quail, Wallace B.	Consultant (Sheet & Strip) Iron & Steel Div.	10/11/50-8/30/51	Mgr., Central Sales., Armco Steel Corp., Middletown, Ohio
		Dep. Dir., Iron & Steel Div.	8/31/51-9/29/51	
		Director, Iron & Steel Div.	9/30/51-12/21/51	
	Quick, Ray S.	Advisor (Hydraulic Turbines) Engine & Turbine Div.	3/6/52-6/26/53	Consulting Engineer, Baldwin-Lima-Hamilton Corp. Phila. 42, Pa.
*	Quigley, Thomas T.	Specialist on Water & Sewage Treatment Equip., Water Resources	6/29/51-3/31/53	Asst. to President, Wallace and Tiernan Co., Inc., Belleville, N.J.
		Dir., Water Resources Div.	8/11/53-4/15/54	
		Consultant (Water & Sewerage Ind. & Utilities) Off. of Asst. Administrator	4/16/54-11/15/55	
	Ramage, Forrest H.	Chief, Pipe Section Iron and Steel Div.	6/11/52-1/2/53	Asst. Mgr., Pipe Div., Republic Steel Corp., Cleveland, Ohio
	Rankin, Henry P., Jr.	Chief, Bars & Semi-Finished Sec., Iron & Steel Div.	2/20/51-7/25/51	Asst. Mgr. of Sales, Bar Div., Republic Steel Corp., Cleveland
	Ransom, John R. D.	Chief, Tillage Tools Branch, Agri. Mach. & Implement Div.	7/3/51-8/20/51	Special Assignments, Mpls. Moline Co., B. F. Avery Div., Louisville, Kentucky
		Dep. Dir., Agri. Mach & Imp.Div	8/21/51-6/18/52	
		Director,Agri. Mach & Imp. Div.	6/19/52-12/23/52	
	Raymond, Earl E.	Consultant, Trailers, Bldg.Mat. Division	6/8/51-11/20/52	Pres. & Mgr., Raymond Products Co. Saginaw, Mich.
	Reardon, Charles E.	Commodity Ind. Spec. (Metallurgy) Iron & Steel Div.	1/26/53-12/2/53	Service Metallurgist, U.S. Steel Co., Chicago, Ill.
	Rebe, Paul E.	Chief, Prod. & Facilities Sec., Copper Division	2/1/52-12/5/52	Essex Wire Corp., Detroit, Mich. Tech. Supt., Sales Engineer
*	Redmond, John H.	Consultant, Off. of Admin.	6/28/54-11/15/55	Mgr. of Operations, Koppers Co, Inc., Pittsburgh 19, Pa.
**	Reed, Richard Chester	Deputy Dir., Containers & Packaging Div.	1/4/56	Supervisor, Packages & Shipping Div. The Texas Co.of Port Arthur Texas, 135 East 42nd St., New York 17,N.Y.
	Reichelt, Clarence V.	Chief, Expansion Section, Rubber & Forest Prod. Div.	5/15/52-4/26/53	Chief Plant Engineer, Chas. Pfizer & Co. Terre Haute, Ind.
**	Reid, James Ferguson, Sr.	Consultant, Iron & Steel Div.	2/9/56	Production Mgr., The Timken Roller Bearing Co., Canton, Ohio

Name	Position in NPA-DPSA	Period of Service	Company Affiliation and Position at time of Duty
Rich, Howard L.,Jr.	Chief, Product Dist. Branch Metalworking Equip. Div.	11/29/51-4/25/52	Lynd-Farquhar Co.,Boston, Mass. Corp. Secretary
Richardson, Harold W.	Advisor (Requirements) Construction Machinery Div.	12/28/51-8/8/52	Editor, McGraw Hill Pub. Co., NYC
Ridlon, Harold M.	Spec. Asst. to Director, Iron & Steel Div.	6/15/53-1/10/54	Asst. Director, Commercial Research U.S. Steel Corp., Pittsburgh
Rieger, George	Program Executive, Chemical Division	3/26/53-8/25/53	Member, Sales Research Div., Hercules Powder Co., Wilmington, Del.
Rigotti, Victor J.	Chief, Machinery & Industrial Supplies Branch, Metalworking Equipment Div.	6/9/53-12/10/53	Mgr., Customer Relations, Sunstrand Machine Tool Co. Rockford, Ill.
Riley, Vincent L.	Chief, Hydraulic Turbine Sec. Engine & Turbine Div.	9/9/52-3/13/53	Constr. Supt., Ebasco Services, Inc., New York
Rising, Edward S.	Chief, Wire Mill Branch, Copper Division	10/15/51-6/13/52	Vice Pres. & Gen. Sales Mgr., Kinnecott Wire & Cable Co., Phillipsdale, R.I.
Ritchie, James L.	Comm. Specialist (Pulpwood) Pulp, Paper & Paperboard Div.	6/26/51-10/11/51	Exec. Director, U.S. Pulp Producers Assn., Inc., NYC
Robb, Harry W.	Consultant, Production Control Division	1/22/51-8/5/52	Asst. Mgr., Standards, Gen. Electric Co., Schenectady, N.Y.
Roberts, Benjamin W.	Advisor on Tanning Materials, Leather & Leather Prod. Div.	7/22/51-12/31/51	Barkey Importing Co., 82 Beaver St. New York City, N.Y.
Roberts, David W.	Comm. Specialist, Hot Rolled Steel, Iron &Steel Div.	8/24/51-1/18/52	Dist. Mgr., Sheffield Steel Corp. Kansas City, Mo.
Roberts, Edgar V.	Comm. Ind. Spec. (Metallurgy) Iron & Steel Div.	5/6/52--11/6/52	Chief Metallurgist, American Steel Foundries, Iron & Steel Div., Newark, New Jersey
* Roberts, Eugene A.	Assistant on Tires & Tubes, Rubber Division	4/17/51-8/4/51	Vice President, Armstrong Rubber Co. Westhaven, Conn.
	Commodity Specialist (Tires & Tubes) Rubber Div.	8/5/51-6/30/53	
	Commodity Specialist (Tires & Tubes) Chem. & Rubber Div.	7/1/53-10/19/55	
Robinson, James W.	Consultant (Bars & Semi-Finished) Iron & Steel Div.	10/11/50-7/20/51	Mgr. of Sales, Hot Rolled Prod., Jones & Laughlin Steel Corp. Pittsburgh, Pennsylvania
Robinson, Philip J.	Chief, Turbine Section, Engine & Turbine Division	3/2/51-1/31/52	Turbine Spec., Gen. Electric Co., Chicago, Illinois

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*	Roby, Carles F.	Consultant, Off. of Admin.	1/12/54-11/15/55	Vice Pres., Cincinnati Milling Machine Co., Cincinnati, Ohio
	Rodgers, Joseph L.	Chief, Thermosetting Unit, Chemical Division	1/15/52-6/8/52	Asst. Div. Mgr., Bakelite Co., Div. of Union Carbide & Carbon Corp, NYC
		Asst. Chief, Program & Requirements Branch, Chemical Div.	6/9/52--10/10/52	
	Roemer, Lester H.	Chief, Machine Tool Sect., Metalworking Equipment Div.	10/7/52-3/2/53	N.Y. Dist. Mgr., Newark, N.J., The R. K. LeBland Machine Tool Co., Cincinnati, Ohio
		Chief, Mach. & Indus. Supplies Br., Metalworking Equip. Div.	3/3/53-4/4/53	
	Rogers, Richard W.	Director, R.R. Equip. Div.	4/9/52-10/16/52	Chief Mechanical Officer, Seaboard Airline R.R., Norfolk, Va.
	Rolston, Glenn E.	Chief, Wire & Cable Sec., Copper Division	4/23/51-11/10/51	Vice President, Rome Cable Corp., Rome, N. Y.
		Advisor (Wire Mills) Copper Division	11/11/51-1/25/52	
	Rosander, Richard T.	Advisor (Diesel Locomotives) Railraod Equipment Div.	4/16/52-12/20/52	Dist. Mgr., Fairbanks Morse & Co. 1000 Vt. Ave. N.W., Washington, D.C.
		Chief, Inter. Combus. Engine Sec., Engine & Turbine Div.	12/21/52-6/30/53	
	Rowlands, Willis L.	Deputy Dir., Containers & Pkg, Division	2/25/54-1/14/55	Special Representative, Continental Can Co., Inc., Wash., D.C.
	Roys, Everett C.	Dep. Dir., Comm. Equip. Div.	3/20/52-7/23/52	Chief Engineer, Penn Telephone Corp., Erie, Pa.
		Director, Comm. Equip. Div.	7/24/52-8/31/52	
	Rudel, Thomas R.	Advisor (Pool Order Operations) Metalworking Equipment Div.	11/29/51-4/15/52	President, Rudel Machinery Co., NYC Eberhard Faber Pencil Co., NYC
	Ryder, Kenneth D.	Indus. Anal. (Screw, Tubular, Rivet and Washer), General Components Div.	9/16/52-3/13/53	Asst. Sales Mgr., Southington Hdwe Mfg. Co., Southington, Conn.
	Saltonstall, Richard B.	Commodity Spec. (Electro-Plating) Iron & Steel Div.	9/18/51-12/2/53	Technical Director, The Udylite Corp., Detroit, Mich.
*	Sample, Clarence H.	Commodity Ind. Spec. Iron & Steel Div.	1/8/52-3/21/54	Asst. Chemist, Electroplated Nickel Sales, International Nickel Co., Inc.
		Advisor, Nickel-Electroplating,	3/22/54-11/15/55	67 Wall St., New York City
**	Sandston, William LaRoss	Chief, Business Research & Analysis Branch, Iron & Steel Division	1/27/56	Economic Analyst, Armco Steel Corp., Middletown, Ohio

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Sandmaier, Philip J.	Vice Chairman, Prod. Directive Comm, Iron & Steel Div.	3/12/52-6/18/52	Mgr., Commercial Research Div., Republic Steel Corp, Cleveland, Ohio
	Chairman, Prod. Directive Comm., Iron & Steel Div.	6/19/52-8/29/52	
* Sands, George A.	Consultant, Iron & Steel Div.	1/25/51-3/12/53	Asst. Mgr., Electro Metallurgical
	Asst. Chief, Ferro Alloys Br.	3/13/53-5/17/53	Div., Union Carbide & Carbon Corp.,
	Chief, Ferro Alloys Br.	5/18/53-3/29/54	New York City
	Advisor (Ferro Alloys)	3/30/54-11/15/55	
Sanger, J. Prentice	Industrial Analyst (Paper) Pulp, Paper & Paperboard Div.	1/8/52-8/8/52	Asst. Sales Mgr., Crocker Burbank Papers, Inc., N.Y.C.
Sanne, Ervin J. *	Comm. Ind. Analyst, Iron & Steel Div.	3/13/51-7/29/51	Mgr. of Sales, Tin Plate Div., Inland Steel Corp., Chicago, Ill.
** Sauers, Marguerite M.	Consultant, Iron & Steel Div.	1/18/51-3/3/51	Executive Assistant, Gen. Refractories Co., Baltimore, Md.
	Chief, Refract. & Flexes. Sec. Iron & Steel Div.	3/4/51-1/10/54	
	Advisor (Refractories)	1/11/54-11/15/55	
	Consultant, Iron & Steel Div.	2/29/56	
Savage, Paul M.	Commodity Ind. Spec. (Nickel) Iron & Steel Div.	9/2/53-12/2/53	Secretary of Company, McGean Chemical Co., Cleveland, Ohio
Schein, Sidney	Consultant (Ferro-Alloys) Iron & Steel Div.	2/13/51-11/4/51	Consulting Engineer, Sylvania Elec. Products, Towanda, Pa.
	Advisor (Ductile Tungsten & Pure Molybdenum) Iron & Steel Div.	11/5/51-6/30/53	
Schirmer, Walter E.	Chief, Material Handling Equip. Branch, Gen. Ind. Equip. Div.	7/2/51-12/6/51	Vice Pres. & Exec. Asst., Clark Equip. Co., Buchanan, Mich.
Schlueter, Louis A.	Advisor (Chem. & Rubber Ind.) Chem. & Rubber Division	9/16/53	Member of Staff, American Coke & Coal Chemicals, Wash., D.C.
Schmidt, William S.	Chief, Scheduling Sec. Elec. Equipment Division	12/12/51-3/3/52	Operations Coordinator, Monongahela Power Co., Fairmont, W.Va.
	Asst. Dir. for Sched. & Expediting, Elec. Equip. Div.	3/4/52-6/20/52	
Schoeninger, Hilbert G.	Indus. Analyst (Fab. Metal Pipe) Engine & Turbine Div.	5/29/52-12/12/52	Vice Pres., The Flori Pipe Co., St. Louis, Mo.
Schuster, Louis J.	Chief, Program Sec., Copper Div.	2/18/52-7/9/52	Asst. Treasurer & Asst. Secretary,
	Asst. Chief, Brass Mill Br.	7/10/52-1/4/53	Chase Brass & Copper Co. Inc.
	Chief, Brass Mill Br.	1/5/53-6/30/53	Waterbury, Conn.

	Name	Position in NPA-DDSA	Period of Service	Company Affiliation and Position at Time of Duty
	Scott, Richard H.	Consultant (Printing Ink) Printing & Publishing Div.	3/27/51-6/30/53	Asst to Pres.,Sinclair & Valentine Co., 611 W. 129th St. N.Y. 27,N.Y.
	Scott, Roy A.	Spec. Asst (Material Procurement & Control) Agri. Mach. & Impl. Div.	5/4/51-8/10/51	Asst. Mgr., Purchasing Dept., Deere & Co., Chicago, Ill.
	Scott, Thomas V. Jr.	Chief, Tubular Fittings Section General Components Div.	1/2/52-5/7/52	Sales Mgr., L.P. Gas Div., The Weatherhead Co., Cleveland,Ohio
*	Scudder, Richard B.	Director, Forest Products Div.	2/2/53-2/18/53	Publisher, Newark News, Newark,N.J.
		Dep. Asst. Admin. Off. Asst Admin.	2/19/53-6/30/53	
		Dep. Asst. Admin. Off. Asst Admin.	7/1/53-10/19/55	
*	Sebastian, Robert L.	Consultant, Alum. & Magnesium Div.	9/20/54	Retired - last with Defense Production Admin. at GS-15.
**	Seeley, Clarence W.	Director, Copper Div.	11/2/55	District Sales Mgr., Phila. territory, Scovill Mfg. Co. Waterbury, Conn.
	Sehn, Francis J.	Advisor (Machine Tools) Metalworking Equipment Division	4/30/52-9/12/52	Sales Engineer, Clearing Machine Co., Detroit, Mich.
*	Selden, Dudley	Dir., Power Equipment Div.	10/1/53-7/5/54	Vice Pres. & Sales Mgr., Erie City
		Consultant, Power Equip. Div.	7/6/54-11/15/55	Iron Works, Erie, Pa. (Retired)
	Sentnor, Richard Faulkner	Asst. Dir., Iron & Steel Div.	3/13/51-7/21/51	Asst. Exec. Vice Pres-Commercial,
		Director, Iron & Steel Div.	7/22/51-10/10/51	U.S. Steel Co. Pittsburgh, Pa.
		Advisor, Iron & Steel Div.	10/11/51-8/7/52	
*	Setter, Clifford P.	Consultant, Forest Products Div.	5/31/55-11/15/55	V. Pres., U.S. Plywood Corp,NYC.
	Shaffer, Murray D.	Advisor (Motor Graders & Off-Highway Equip., Constr. Mach.Div.	10/25/51-8/8/52	Dir. of Sales, Buffalo-Springfield Roller Co., Springfield, Ohio
	Shaffer, Percy C.	Commodity Ind. Spec. (Nickel) Iron & Steel Div.	9/25/53-10/30/53	Chief Engineer, Cooper Alloys Foundry, Hillside, N.J.
	Shaifer, Carl H. Jr.	Advisor on Foreign Hides & Skins, Leather & Leather Prod. Div.	5/31/51-12/31/51	Treasurer, John Andreson & Co. NYC
	Shanaman, LeRoy	Chief, Inorganic & Agri. Chem. Branch, Chemical Division	7/1/52-11/7/52	Sales Mgr., Penn. Salt Mfg. Co. of Wash., Tacoma, Wash.
	Shea, Lester A.	Chief, Indus. Heating Sec. Metalworking Equipment Div.	6/18/52-6/30/53	Gen. Sales Mgr., Lindberg Engineering Co., Chicago, Ill.
*	Shook, Donald G.	Advisor (Mag., Comm. Prnt. & out-door Adver.) Forest Products Div.	1/16/53-6/30/53	Asst. Dir. of Public Policy, General Outdoor Advertising Co.
		Advisor (Mag., Comm. Prnt. & out-door Adver.) Forest Products Div.	7/1/53-10/6/55	Washington, D. C.

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
	Shuler, Frank A.	Indus. Analyst (Machinery) Metalworking Equipment Div.	3/14/52-10/1/52	Master Mechanic, Chrysler Corp. Detroit, Mich.
	Sibley, James W. Jr.	Deputy Director, Metalworking Equipment Div.	8/6/52-2/1/53	Spec. Representative, Gen. Motors Corp. (Buick Motor Div) Flint, Mich.
*	Simon, William A.Jr.	Director, General Components Div.	6/6/55-10/13/55	House Counsel, Employee Relations, Legal Counsel, Walworth Co., NYC
	Skuce, Walter C.	Consultant (Staff Asst to Admin.)	12/14/50-6/30/53	Mgr., Trans Sales Div., Owens-Corning Fiberglass Corp. Toledo, Ohio
	Slater, Kenneth C.	Indus. Analyst (Cranes) General Ind. Equipment Division	7/21/52-9/26/52	Sales Engineer, Cleveland Crane & Engineering Co., Cleveland, Ohio
	Slayton, Earle L.	Director, Gen. Ind. Equipment Div.	8/11/52-3/31/53	Dir. of Public Relations, Cherry-Burrell Corp., Chicago, Ill.
	Sloane, Joseph	NPA, Commissioner, Hearing Comm.	4/23/52--6/30/53	Judge, Commonwealth of Penn.
		NPA, Commissioner, Hearing Comm.	7/1/53-6/30/54	
	Smith, George E.	Advisor (Machine Tools) Metal-working Equipment Div.	4/21/52-9/12/52	Phila. District Mgr., Landis Tool Co. Waynesboro, Pa.
*	Smith, Harold H.	Director, Chemical & Rubber Div.	3/16/54-8/15/54	Asst to Exec. Vice Pres., Dow
		Consultant, Chem. & Rubber Div.	8/16/54-11/15/55	Chemical Co., Midland, Michigan
*	Smith, Harry L. Jr.	Dir., Aluminum Division	8/7/53-1/13/54	Sales Vice Pres., Aluminum Co.
		Asst. Admin., Office of Admin.	1/14/54-4/26/54	of America, Pittsburgh, Pa.
		Consultant, Office of Admin.	4/27/54-11/15/55	
	Smith, John F. Jr.	Chairman, Production Directive Comm., Iron & Steel Div.	7/27/51-11/30/51	Gen. Mgr. of Sales, Inland Steel Co., Chicago, Ill.
	Smith, Kenneth M.	Chief, Castings Section, Iron & Steel Div.	3/19/53-10/13/54	Asst. to Vice Pres., National Malleable Steel Casting Co., Cleveland, Ohio
	Smith, Marshall M.	Director, Machinery Div.	12/11/50-8/31/51	E.W.Bliss Co. 19 E. 47th, NYC
	Smith, Robert McNeal	Chief, Bolt, Nut, & Solid Rivet Sec., Gen. Comp. Division	6/5/51-9/28/51	Eastern Mgr. of Sales, NYC, Pittsburgh Screw & Bolt Corp.
	Smith, S. Arnold	Chief, Heat Exchanger Section, Engine & Turbine Division	2/13/53-3/13/53	Chief Engineer, Whitlock Mfg. Co. West Hartford, Conn.
	Smythe, T.H. Butler	Asst. on Paper Dist., Pulp, Paper, and Paperboard Division	5/31/51-1/18/52	President, The J.L.N. Smythe Co. Philadelphia, Pa.
	Smythe, William H.	Commodity Spec. (Scrap) Iron & Steel Division	7/18/51-11/10/51	Dir. of Purchases & Material Control, W. Va. Steel & Mfg. Co.
		Comm. Ind. Spec. (Scrap)	11/11/51-7/30/52	Huntington, W. Va.

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*	Snow, David F.	Director, Copper Division	5/7/54-10/12/54	Dist. Mgr., Bridgeport Brass Co.,
		Consultant, Copper Division	10/13/54-11/15/55	Bridgeport, Conn.
	Snyder, Anthony J.	Chief, Cutting Tools Section, Metalworking Equipment Div.	7/7/52-1/17/53	Asst. to Pres., Morse Twist Drill & Machine Co.,New Bedford, Mass.
	Sollenberger, George H.	Consultant (Polyethylene) Chemical Division	2/13/51-2/15/52	Tech. Sales, Rohm & Haas Co., Philadelphia, Pa.
	Spence, Willard H.	Chief, Product Dist. Branch, Metalworking Equipment Division	7/15/52-12/22/52	Sales Director, Browne & Sharpe Mfg. Co., Providence, R. I.
	Spencer, Leland E.	Director, Rubber Division	1/8/51-11/23/51	Vice Pres., Kelly Springfield Tire Co, Cumberland, Md.
	Spoehr, Victor A.	Director, General Components Div.	8/28/53-12/12/53	Vice Pres. & Gen. Mgr., H. M. Harper Co., Morton Grove, Ill.
	Spoor, Dale D.	Comm. Ind. Anal. (Chief, Welding Sec.) Metalworking Equip. Div.	3/19/51-2/1/52	Equip. Sales Mgr., Air Reduction, New York City
*	Spraggon, John. H.	Chief, Steam Turbine Sect. Engine & Turbine Division	2/5/52-3/31/52	Asst. to Mgr., Steam Division, Westinghouse Electric Corp.,
		Chief, Heavy Power Equip. Branch Engine & Turbine Division	4/1/52-11/26/52	Philadelphia, Pa.
		Director, Power Equip. Div.	7/6/54-1/11/55	
		Consultant, Power Equip. Div.	1/12/55-11/15/55	
*	Sprague, Matthew F.	Consultant (Iron Drums & Pails) Containers & Packaging Div.	3/6/51-6/30/53	Admin. Asst. Sales, J. & L. Steel Barrel Co., New York City
		Consultant (Iron Drums & Pails)	7/1/53-11/15/55	
	Stanley, Charles F.	Director, General Components Div.	11/10/52-6/30/53	V. Pres. in charge of Sales, Fafnir Bearing Co., New Britain, Conn.
*	Starz, Ralph I.	Advisor (Forgings) Iron & Steel Division	6/15/54-11/15/55	Sales Engineer, Ladish Co., Cudahy, Wisconsin
	Staub, Charles R.	Advisor (Machine Tools) Metalworking Equipment Div.	5/21/52-9/12/52	Chief Engineer, Michigan Tool Co., Detroit, Mich.
*	Steelman,Julien R.	Advisor,Agri. Const. & Mining Equip.	9/1/53-11/15/55	Pres.,Koehring Co.Milwaukee,Wisc.
	Steffens, Fred C.	Advisor,(Automatic Vending Machines) Service Equipment Div.	10/9/51-6/30/53	V. Pres. & Gen. Mgr., National Rejectors,Inc. St. Louis, Mo.
	Stein, Edwin	Comm. Ind. Advisor (Chemicals) Chemical Division	5/15/51-9/25/51	Chairman of the Board,Stein,Hall & Co.,Inc., New York City
	Steinman, James Hale	Spec. Asst. to Dir. (Newspapers) Printing & Publishing Division	7/2/51-6/30/53	Publisher, Lancaster Newspapers, Inc., Lancaster, Pa.

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at time of Duty
	Stephens, William J.	Dep. Dir., Iron & Steel Div.	1/5/53-4/30/53	Asst. Gen Mgr., Sales, Bethlehem
		Director, Iron & Steel Div.	5/1/53-6/29/53	Steel Co., Bethlehem, Pa.
		Asst. Admin for Metals & Minerals, OA	6/30/53-11/29/53	
		Consultant, Off. of Administrator	11/30/53-2/10/54	
	Sterner, Henry A.	Comm. Ind. Spec. (Metallurgy) Iron & Steel Div.	6/23/52-12/30/52	Bethlehem Steel Corp., Bethlehem, Pa.
	Stewart, Leroy C.	Chief, Facilities Branch Chemical Division	9/10/51-2/15/52	Mgr., Atlanta Sales Office, Dow Chemical Co., Midland, Mich.
	Stewart, Nelson, H.	Chief, Electron Tube Section Electronics Div.	8/20/51-4/25/52	Section Mgr., Westinghouse Electric Corp. Bloomfield, N.Y.
	Stilwell, Lamar, S.	Chief, Screw, Tubular Rivet & Washer Sec, Gen. Components Div.	2/18/52-9/23/52	Salesman, Western Automatic Machine Screw Co. Elyria, Ohio
	Stone, Franz	Asst. Administrator	3/26/51-5/22/51	Pres. & Gen. Mgr., Columbus McKinnon
		Asst. Admin. for IAEB	5/23/51-1/27/52	Chain Corp.& Chisholm-Moore Hoist
		Dep. Administrator	1/28/52-8/15/52	Co., Tonawanda, New York
	Stone, Harry D.	Chief, Pipe & Tubular Fittings Sec., Gen. Components Division	5/9/52-11/14/52	Contract Coord., The Parker Appliance Co., Cleveland, Ohio
	Storm, Norman F.	Chief, Drug Section, Chemical Div.	3/6/51-9/21/51	Exec. V. Pres., Ciba Pharmaceutical Prod. Inc., Summit, N. J.
	Stracy, Harry H.	Comm. Ind. Spec. (Hot Rolled Steel) Iron & Steel Div.	3/19/52-7/31/52	Mgr., Rolled Product Sales, Colorado Fuel & Iron Corp., Denver, Colo.
	Strattner, Lawrence W.	Dep. Asst. Administrator	10/30/51-4/21/52	Vice President, W.Va. Pulp &
		Asst. Administrator	4/22/52-7/10/52	Paper Co., NYC.
		Advisor (CRFP), Off. of Admin.	7/11/52-6/6/53	
**	Stuart, Charles M.	Dir., Gen. Ind. Equip. Div.	10/27/55	Asst. to Exec. Vice Pres., Carrier Corp., Syracuse, N. Y.
	Sullivan, Joseph D.	Advisor, (Newsprint) Prnt &Pub.Div.	10/16/51-6/30/53	V.Pres., Bowater Paper Co., NYC
	Sullivan, Matthew C.	Consultant-Newspapers, Prnt &Pub.Div.	4/18/51-8/9/52	Gen.Circulation Dir, Gannet Co.Inc. Rochester, N. Y.
	Swift, Morton R., Jr.	Ind. Analyst (Machine Tools) Metalworking Equipment Div.	6/18/52-11/22/52	Asst. to President, Giddings & Lewis Machine Tool Co., Fond du Lac, Wisconsin

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
* Talbot, Frederick C., Jr.	Director, Forest Products Div.	1/3/55-7/10/55	Asst. Atlantic Coast Mgr., Lumber
	Consultant, Forest Prod. Div.	7/11/55-11/15/55	Pope & Talbot, Inc., Lumber Div. New York, New York
Tangeman, John L.	Advisor (Machine Tools)	5/19/52-1/30/53	Sales & Process Engineer Cincinnati Milling Machine Co. Cincinnati, Ohio
Taylor, Stockton R.	Vice Chairman, Production Directive Committee, Iron & Steel Div.	6/20/52-10/21/52	Asst. Dist. Manager, Bethlehem Steel Corp. Philadelphia, Pennsylvania
	Chairman, Prod.Dir.Comm.,Iron & Steel Division	10/22/52-11/26/52	
TenEyck, Clyde H.	Chief, Carbon Bars & Semi-Finished Sec.,Iron & Steel Div.	5/29/53-12/13/53	Asst. to General Manager Production Planning Division U. S. Steel Corp.,Pittsburgh, Pa.
	Advisor (Steel Mill Products) Iron and Steel Division	12/14/53-10/13/54	
Thayer, Hugh O.	Chief, Export Import Section Chemical Division	12/5/51-5/31/52	Asst. Tariff Div. Develop.Staff E.I.duPont de Nemours & Co.,Inc. Wilmington, Delaware
Theisinger, William G.	Chief, Plate Section Iron and Steel Division	2/28/52-8/29/52	Regional Manager Sales Lukens Steel Co. Houston, Texas
Thill, Walter E.	Chief, Plain Bearings Section General Components Division	5/22/52-12/20/52	Asst. Chief Engineer Federal-Mogul Corp. Detroit, Michigan
* Thomas, William H.	Dir., General Indus. Equip. Div.	5/31/55-7/27/55	Manager, Government Sales
	Assistant Administrator	7/28/55-12/31/55	Air Products, Inc.,Allentown, Pa.
Thompson, John J.	Consultant, Prod.Control Staff	2/2/51-6/4/51	Manager, Sales, Pers. & Train.Div. Worthington Pump & Mach. Co. Harrison, N.J.
Thompson, Wilfred	Advisor (Machine Tools) Metalworking Equipment Division	4/28/52-9/12/52	Sales Engineer, The Bullard Co. Bridgeport, Connecticut
Thompson, William A.	Chief, Cold Drawn Bar Section Iron and Steel Division	8/30/51-4/16/52	Manager, Wyckoff Steel Co. Newark, New Jersey,

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Throckmorton, Alwyn A.	Chief, Alum. Products Branch Aluminum Division	7/3/52-6/30/53	Manager, Metal Control Kaiser Alum. & Chem. Sales Newark, Ohio
Thulean, Ray M.	Chief, Rails & Access. Sec. Iron and Steel Division	10/12/51-1/31/52	Salesman, Inland Steel Co. Chicago, Illinois
Ticoulat, Gabriel J.	Asst. Director, Forest Prod.Div.	1/9/51-6/4/51	Manager of Ssles, CWP Company
	Dep. Asst. Admin. for Chemical, Rubber & Forest Prod. Bureau	6/5/51-10/1/51	Crown-Zellerbach San Francisco, California
Tigges, Herbert L.	Dir., Metalworking Equip. Div.	8/14/51-10/9/51	Executive Vice President
	Advisor, Machine Tools	10/10/51-10/26/51	Baker Brothers, Inc., Toledo, Ohio
Tillotson, George C.	Advisor (Machine Tools) Metalworking Equipment Division	9/2/52-3/12/52	Engineer, Sales GMC, Delco & Aeroproducts Div.
	Chief, Program Expediting & Prod.Dist.Br.,Metalwork.Equip.Div.	3/13/53-3/31/53	Dayton, Ohio
Timberlake, John E.	Dep. Dir., Iron and Steel Div.	6/26/52-10/14/52	General Manager of Sales
	Director, Iron and Steel Div.	10/15/52-12/23/52	Jones & Laughlin Steel Corp. Gateway Center, Penna.
Tipton, Marsh B.	Asst. Chief, Sulfuric Acid Sec. Chemical Division	1/7/52-7/31/52	Asst. Prod. Manager, National Lead Co., Titanuim Div. New York, New York
Tokarz, John P.	Asst. Chief, Plastics Branch Chemical Division	4/2/52-11/28/52	Washington Company Representative Tennessee Eastman Co. of Kingsport, Tennessee
* Tracy, Lyall	Dir.,Pulp,Paper & Paperboard Div.	4/17/52-6/30/52	Industrial Relations Manager
	Dep. Asst. Admin.,Chem.,Rubber & Forest Products Bureau	7/1/52-12/14/52	Rayonier, Inc. Hoquiam, Washington
	Asst. Admin., Chemical, Rubber & Forest Products Bureau	12/15/52-3/15/53	
	Advisor (Chem.,Rubber & Forest Products)	3/16/53-5/25/53	
	Deputy Administrator, Office of Administrator	5/26/53-7/1/53	
	Advisor (Programs & Operations) Office of the Administrator	7/2/53-11/15/55	

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Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Tracy, Osgood V.	Deputy Director, Chemical Div.	10/11/51-11/20/51	General Manager, Chemical Products
	Director, Chemical Division	11/21/51-6/8/52	Dept., Esso Standard Oil Co.
	Advisor (Chemicals), Chem. Div.	6/9/52-4/26/53	New York, New York
Traeger, Charles H. Jr.	Commodity Industry Specialist (Metallurgy),Iron & Steel Div.	12/18/51-7/16/52	Sales Representative, Bethlehem Steel Co., Bethlehem, Penna.
* Treanor, Arthur R.	Dir., Printing & Publishing Div.	4/5/51 11/8/51	Retired
	Advisor (Printing & Publishing)	11/9/51-6/30/53	
	Advisor (Printing & Publishing) Forest Products Division	7/1/53-11/15/55	
Trester, Leonard W.	Consultant (Advertising) Printing & Publishing Div.	3/30/51-6/30/53	Asst.to President, Dir. of Public Policy, General Outdoor Adv. Co., Washington, D. C.
Trilsch, Myron L.	Chief, Raw Materials Branch Copper Division	9/7/51-4/18/52	Sales Exec., American Metal Ltd., New York, New York
* Trinkle, Alfred R.	Spec. Asst. to the Asst. Admin. for Metals & Minerals	12/18/52-6/30/53	Manager, Priorities Section International Nickel Co., Inc.
	Commodity Industry Spec.(Nickel) Iron and Steel Division	7/1/53-3/18/54	New York, New York
	Advisor (Nickel),Iron & Steel Div.	3/19/54-11/15/55	
Tuthill, Arthur H.	Staff Asst. (Sched. & Expediting) Metals & Minerals Bureau	6/25/52-4/1/53	Eng. Matls. Consultant E. I. duPont de Nemours, Eng. Dept. Wilmington, Delaware
Twombly, Clarence E.	Industry Analyst (Exchangers) Engine & Turbine Division	4/28/52-8/2/52	Manager, Prod. Engr., Dept. C. F. Braun & Co.
	Chief, Heat Exchangers Section Engine & Turbine Division	8/3/52-9/26/52	Alhambra, California

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Urban, William J.	Chief, Gear & Drive Section General Components Division	12/12/51-8/29/52	Manager, Coupling Sales Falk Corporation Milwaukee, Wisconsin
Urich, Ralph T.	Head Pigments Unit Chemical Division	8/15/51-11/13/52	Sales Manager Reichhold Chem., Inc. Brooklyn, New York
* VanDenberg, Paul W.	Chief, Castings Branch Iron and Steel Division	9/10/54-3/23/55	Manager of General Industrial Sales Crane Co., Chicago, Illinois
	Consultant, Iron & Steel Div.	3/24/55-8/5/55	
* Vander Heide, John S.	Director, Food Industries Div.	8/9/54-10/20/55	President, Holland-American Wafer Co., Grand Rapids, Mich.
Van Nortwick, Loren F.	Advisor (Trucks) Motor Vehicle Division	12/13/51-5/15/52	Director, Truck Sales Dodge Division Chrysler Corporation Detroit, Michigan
** Van Rensselaer, Cortlandt	Deputy Director, Scientific, Motion Picture and Photographic Products Division	1/4/56	Assistant Sales Manager Hewlett-Packard Company Palo Alto, California
* Vanstory, William A.	Director, Communications Equipment Division	2/12/54-9/8/54	Asst. Vice President (Public Relations) New Jersey Bell Telephone Co.
	Consultant, Office of the Administrator	9/9/54-11/15/55	Newark, New Jersey
Van Vleet, Harley S.	Advisor (Tin Plate) Iron and Steel Division	7/30/51-6/30/53	Manager of Research American Can Co. Newark, New Jersey
* Vaughn, William E.	Advisor (Metal Cans) Containers and Packaging Division	1/9/52-6/30/53	Assistant to Vice President in Charge of Sales
	Advisor (Metal Cans) Containers & Packaging Division	7/1/53-11/15/55	American Can Co. New York, New York
** Vuckel, Carl M.	Consultant Food Industries Division	9/16/55	Retired

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
** Waindle, Roger F.	Chief, Castings Branch Iron and Steel Division	2/10/56	Vice President, Consolidated Foundries & Mfg. Co. Boston, Massachusetts
Walker, A. Lucien,Jr.	Advisor (Sulphur), Chemical Division	7/24/51-6/6/53	Assistant Sales Manager Texas Gulf Sulphur Co. New York, New York
Walker, John R.	Chief, Bars & Semi Finish Section Iron and Steel Division	8/24/51-1/18/52	Assistant to Manager of Sales Bar & Semi-Finished Materials Sec. U. S. Steel Co., Pittsburgh, Penna.
Walker, Wesley S.	Special Assistant, Industrial & Agri. Equipment Bureau	9/4/51-11/22/51	Sales Manager - Nitrogen Linde Air Products Co., Division of
	Director, General Industrial Equipment Division	11/23/51-3/21/52	Union Carbide & Carbon Corp. New York, New York
* Wallace, Henry J.	Dep. Dir., Iron & Steel Div.	7/7/53-8/9/53	Vice President - Sales
	Indus. Spec., Director, Iron & Steel Division	8/10/53-10/6/53	National Tube Division U. S. Steel Corp.
	Assistant Administrator	10/7/53-2/14/54	Pittsburgh, Pennsylvania
	Consultant, Ofc. Administrator	2/15/54-11/15/55	
Walsh, Edmond J.	Assistant Chief, Wire Section Iron and Steel Division	1/14/52-6/27/52	Assistant Manager, Sales American Steel & Wire Co. Boston, Massachusetts
Walter, Gerald L.	Chief, CMP-4C Section Chemical Division	2/11/52-6/18/52	Assistant Manager Solvay Process Division of
	Chief, Facilities Branch Chemical Division	6/19/52-7/31/52	Allied Chemical Dye Corp. Baton Rouge, Louisiana
Walters, Harland L.	Advisor (Automobile Industry) Motor Vehicle Division	11/29/51-5/1/52	Zone Manager, Washington, D. C. office of Nash-Kelvinator Sales Corp. Nash Division, of Detroit, Mich.
Walters, William H.	Advisor (Printing) Printing and Publishing Div.	2/26/52-6/30/53	President, U.S.Printing & Lithograph Co. of Cincinnati, Ohio & Mineola, New York
Wanamaker, George K. Jr.	Asst. Chief, Boiler Section Engine and Turbine Division	4/9/52-12/20/52	Application Engineer The Babcock & Wilcox Co.
	Chief, Boiler Section Engine & Turbine Division	12/21/52-1/30/53	Philadelphia, Pennsylvania

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
** Ware, Joel B.	Consultant, Forest Prod. Div.	10/31/55	Sales Representative, Great Northern Paper Co., Chicago, Ill.
Watkins, Myron H.	Chief, Tin Plate Section Iron and Steel Division	12/21/51-5/29/52	Asst. General Manager of Sales Youngstown Sheet & Tube Co. Youngstown, Ohio
Watson, Clifton E.	Advisor on Textile & Leather Mach., Gen. Indus. Equip. Div.	8/9/51-12/6/51	Partner, Watson & Desmond Charlotte, N. C.
Webster, George A.	Consultant (Hides & Skins) Leather & Leather Prod. Div.	3/26/51-1/31/52	Partner, A. L. Webster & Co. Chicago, Illinois
* Wechsler, Albert H.	Asst. on Rubber & Canvas Footwear Rubber Division	4/17/51-9/6/51	Vice President and General Manager Converse Rubber Corp. Malden, Massachusetts
	Advisor (Rubber & Canvas Footwear) Rubber Division	9/7/51-6/30/53	
	Advisor (Rubber & Canvas Footwear) Chemical & Rubber Division	7/1/53-11/15/55	
Weinstein, Harold	Advisor (Salvage) Salvage Division	8/16/51-8/20/52	President, Calumet Iron & Supply Co., East Chicago, Ill.
Weisenbach, Frederick A.	Assistant to the Director Gen. Indus. Equip. Div.	2/26/52-8/29/52	Spec. Representative, Phila. District York Corp., York, Penna.
Weiss, Lewis A.	Director, Office of Civilian Requirements	1/15/51-3/31/52	Management Advisor, Hughes Aircraft Co., Culver City, Calif.
Welch, Everett P.	Chief, Coordination Section Engine & Turbine Division	11/19/51-2/2/52	Structural Supt., Penna. Power & Light Co., Allentown, Penna.
	Chief, Prog. & Requirements Br. Engine & Turbine Division	2/3/52-3/31/52	
Welch, Jacob T.	Advisor (Machine Tools) Metalworking Equipment Div.	4/29/52-9/12/52	Manager, Machine Tools The Sheffield Corp., Dayton, Ohio
West, Harry	Spec. Asst. to Director (Books) Printing & Publishing Division	5/7/51-7/21/51	Self employed - Publishing Consultant New York, New York
West, John M.	Chief, Condenser Section Engine & Turbine Division	3/25/52-7/31/52	Manager of Htr. Dept., Foster-Wheeler Corp., New York, N.Y.
Wharton, Richard S.	Chief, Indus. Rubber Goods Sec. Rubber Division	4/24/51-8/18/51	Sales Manager, Hewitt-Robins, Inc. New York, New York
	Comm.Spec.(Indus.Rubber Goods)	8/19/51-6/30/53	
	Comm.Spec.(Indus.Rubber Goods) Chemical & Rubber Division	7/1/53-8/10/54	

	Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
*	Whitaker, Clyde R.	Advisor (Railroad Equipment) Shipbuilding, Railroad, Ordnance & Aircraft Division	9/10/54-11/15/55	Asst. Vice President for Purchases Southern Railway Co. Washington, D. C.
	White, William A.,Sr.	Advisor (Misc. Metals & Min.) Misc. Metals & Minerals Div.	8/3/53-7/20/54	President, Danbury News-Times Co. Danbury, Connecticut
	Whitehouse, Samuel C.	Chief, Naptholene & Tar Products Chemical Division	4/28/52-6/8/52	Project Engineer, Koppers Co. Pittsburgh, Pennsylvania
		Chief, Exports & Imports Section Chemical Division	6/9/52-10/17/52	
	Whitsitt, William G.	Commodity Industry Specialist Iron and Steel Division	8/13/51-7/1/52	Chief, Procurement Division Lone Star Steel Co., Dallas, Texas
	Wiewell, Walter H.	Asst. Admin., Metals & Min. Bur.	12/3/51-6/6/52	Vice President - Sales Crucible Steel Co. of America Pittsburgh, Pennsylvania
	Wilcox, Raymond J.	Commodity Indus. Spec. (Metallurgy),Iron & Steel Div.	10/15/52-6/11/53	Technical Director, Michigan Steel Casting Co., Detroit, Mich.
*	Wiles, Western	Expert (Rubber Sundries) Rubber Division	3/14/51-9/29/51	Vice President (Sales) Faultless Rubber Co.
		Advisor (Proofed Goods Prod.) Rubber Division	9/30/51-6/30/53	Ashland, Ohio
		Advisor (Proofed Goods Prod.) Chemical & Rubber Division	7/1/53-2/14/54	
		Consultant (Druggist Rubber Sundries) Chem. & Rubber Div.	2/15/54-11/15/55	
	Wilhelm, George R.	Advisor (Orders & Reg.) Communication Equipment Division	1/21/52-10/25/52	Staff Supervisor Chesapeake & Potomac Tele. Co.
		Advisor (Comm. Equip.) Communication Equipment Division	10/26/52-6/30/53	Washington, D. C.
	Wilkins, Ross, Jr.	Vice Chairman, Prod. Dir. Comm. Iron and Steel Division	12/3/51-5/29/52	Asst. Vice President & General Manager of Sales, Great Lakes Steel Corp., Detroit, Michigan

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Williams, Clarence F.	Chief, Scrap Section, Copper Division	9/7/51-3/31/52	Buyer, Federated Metals Division American Smelting & Refining Co. Philadelphia, Pennsylvania
Williams, Howard S.	Chief, Metalworking Equipment Attachments Accessories Sec. Metalworking Equipment Division	7/1/52-1/30/53	President, The Maw Sherwood Supply Co., Cleveland, Ohio
Williams, James H.	Industrial Specialist (Locomotive Production), Railroad Equip. Div.	6/29/51-12/31/51	Commercial Engineer, General Electric Co., Erie, Pennsylvania
	Advisor (Locomotive Production) Railroad Equipment Division	4/24/52-5/1/53	
**Williams, Robert E.	Director, Comm. Equip. Div.	8/27/51-3/11/52	Staff Representative, Automatic Electric Co., Chicago, Illinois
	Dir., Comm. Equipment Div.	2/14/56	
Williams, Sylvester V.	Chief, Auxiliary Power Equip.Br. Engine and Turbine Division	8/13/52-2/13/53	Sales Manager, A. O. Smith Corp. Process Equipment Sales Chicago, Illinois
Wilson, Dorian M.	Chief, Special Food Carton Sec. Containers & Packaging Division	10/25/51-6/30/53	Field Sales Manager, Sutherland Paper Co., Kalamazoo, Michigan
* Wilson, George L.	Chief, Paper & Paperboard Container Branch, Containers & Packaging Division	9/12/52-6/30/53	Assistant to the President Lily Tulip Cup Corp. New York, New York
	Chief, Paper & Paperboard Cont. Br. Containers & Packaging Div.	7/1/53-11/1/55	
Winnia, Paul E.	Chief, Facilities Branch Aluminum & Magnesium Division	4/17/52-8/8/52	Vice President, Richmond Radiator Co. Uniontown, Penna.
* Winston, Arthur W.	Assistant Administrator	1/4/55-8/14/55	Assistant Manager, Magnesium Dept.
	Consultant, Office of Admin.	8/15/55-11/15/55	Dow Chemical Co., Midland, Michigan
Winterbottom, Edmund	Indus. Economist, Chemical Div.	9/5/51-6/30/52	Stat. Analyst, Hercules Powder Co. Wilmington, Delaware
* Wisner, Benjamin G.	Chief, Carbon & Alloy Flat Rolled & Tubular Products Br. Iron and Steel Division	3/29/55-11/15/55	Assistant Manager - Tin Plate Sales Kaiser Steel Corporation Oakland, California

Name	Position in NPA-BDSA	Period of Service	Company Affiliation and Position at Time of Duty
Wolff, Robert E.	Advisor (Cutting Tools) Metalworking Equipment Division	1/14/52-1/30/53	Asst. Marketing Manager Illinois Tool Works, Chicago, Ill.
Wood, John F.	Expert (Inorganics) Chemical Division	3/15/51-5/31/52	Agronomist, Texas Gulf Sulphur Co. Houston, Texas
* Woodbury, Richard G.	Advisor (Scientific & Technical Equipment), Scientific, Motion Picture & Photographic Products Div.	4/6/54-11/15/55	Manager, Government Service Bureau American Optical Co. Southbridge, Massachusetts
Woods, Lewis G.	Special Asst. on Scheduling Agri. Mach. & Implements Div.	5/4/51-8/1/51	Manager, Order & Dist. Dept. Inter. Harvester Co., Chicago, Ill.
* Wooldridge, E. Dan	Expert (Tire &Tube Repair Mat.) Rubber Division	3/14/51-9/29/51	Assistant to President Oliver Tire & Rubber Co. Oakland, California
	Advisor (Camelback & Repair Mat.) Rubber Division	9/30/51-6/30/53	
	Advisor (Camelback & Repair Mat.) Chemical & Rubber Division	7/1/53-11/15/55	
* Wright, Clark M.	Dir., Electrical Equipment Div.	5/17/54-11/30/54	Manager, Marketing, Admin. Pers.Dev.
	Consultant, Elec. Equip. Div.	12/1/54-11/15/55	Gas Turbine Dept., General Electric Co. Schenectady, New York
Wrisley, George A.	Chief, Glycerine, Soap & Detergents Section, Chemical Div.	6/5/51-5/1/52	Vice President & General Manager Allen B. Wrisley Co., Chicago, Ill.
Wysor, Rufus J.	Chief, Facilities & Raw Mat. Br. Iron and Steel Division	6/6/51-2/3/53	Special Consultant, U.S.Steel Corp. Pittsburgh, Pennsylvania
	Advisor, Facilities & Raw Mater. Iron and Steel Division	2/4/53-6/30/53	
Youry, Franklin W.	Commodity Industry Spec. (Hot Rolled Steel) Iron and Steel Division	8/25/52-1/30/53	District Sales Manager, Washington D. C. office of Truscon Steel Co. of Youngstown, Ohio

* WOC's who were on the rolls July 1, 1955 (according to list in hearings record) and who have been terminated since July 1, 1955.

** WOC's who have been appointed since July 1, 1955.

Mr. PATMAN. All right, sir.

Now, you are on the Small Business Administration Board, are you not, Mr. Weeks?

Secretary WEEKS. Yes, sir. On what is known as the Loan Policy Board.

Mr. PATMAN. Do you personally attend the meetings or do you have an alternate as the law permits you to have?

Secretary WEEKS. I may have an alternate attend.

Mr. PATMAN. Who is your alternate?

Secretary WEEKS. Mr. Oechsle.

Mr. PATMAN. Have you attended any meeting yourself or does he attend them all?

Secretary WEEKS. I have attend meetings, but not recently. For all practical purposes, he attends them all.

Mr. PATMAN. Why is it, Mr. Weeks, that you all fix a limit on interest rates? The Congress permits you to charge, say, not exceeding 6 percent interest. Why is it you fix the 6 percent as the minimum? Why don't you let it go according to the prevailing rate in the community, which I understood at the time was the object, and if it is less than 6 percent, permit it to be less than 6 percent? Why do you have that rigid rate of not less than 6 percent?

Secretary WEEKS. Mr. Oechsle is in the room. Might I ask him to answer that question?

Mr. PATMAN. Certainly.

Secretary WEEKS. I think that same question came up last year, Congressman Patman.

Mr. PATMAN. I beg pardon?

Mr. OECHSLE. This same question came up last year, I believe, at the hearing here, and I think that the 6 percent problem has to do with direct loans only, and it was made on a basis so that there would be a uniform rate throughout the country, because on direct loans, the Small Business Administration had to do all of the work in processing of the loan, whereas, in a participating loan that work is done by the banks, hence the interest rates which vary throughout the country, are set by the bank.

Mr. PATMAN. How do you justify charging the local person, who is in distress or he wouldn't come to you in the first place, and since he is in distress, why charge him the limit when his local bank is only charging him, say, 4 percent?

Mr. OECHSLE. As I said before, it was a question of dealing with taxpayers' money throughout the country, and we wanted to keep it on a uniform basis on a direct loan, because the SBA has all of the work to do in the processing of the loan and the handling of it.

Mr. PATMAN. We understood that it should be elastic so that you could have a prevailing rate over the country and not have a rigid rate, but when we fix the rate not exceeding 6 percent, then your Board said, "We will make that the minimum and the maximum, too."

There is no elasticity there at all. It is the same all over the country, which is contrary to what I understood at the time.

So you expect to maintain the rate at 6 percent, so far as you know, although the local banks charge as low as 4 percent on the same loan?

Mr. OECHSLE. On the direct loans.

Mr. PATMAN. All right, sir.

Now, Mr. Weeks, I would like to ask you—I am through with that particular part, Mr. Oechsle.

Mr. Multer might want to ask him some questions.

When you organized the Business and Defense Services Administration, you combined defense responsibilities under the Defense Production Act with a new and unrelated business services function, did you not?

Secretary WEEKS. Both peace and war is embodied in the organization, but the business functions were not new. They were carried on as an extension of what the Commerce Department has historically done.

Mr. PATMAN. In other words, the WOC is appointed pursuant to the DPA. They perform many nondefense functions, is that correct, according to your explanation just made?

Secretary WEEKS. No, I wouldn't say so. They may occasionally help out, but practically all of their efforts are devoted to the defense establishment, and the preparation of it. We have in each of the industry divisions a director and deputy director, and one is WOC and one is career, or vice versa. The man who comes down as a WOC, comes here to help in planning for the day that we hope may never come, and to educate himself in the manner in which these things operate.

For example, our defense materials system, it operates today in peacetime to assure materials for the defense producing industries.

I would say that his time, by and large, is spent on defense work.

Mr. PATMAN. Your own answer indicates, though, it is not all spent on defense work, and why would you have him on nondefense work at all?

Secretary WEEKS. Well, I am sure it is impossible where you have the whole relationship to business for peace and war in one organization, which is the only way we see of doing it, that a man who comes down as a WOC for the purposes spelled out in the Defense Production Act, for him not to occasionally get into a discussion of a peacetime relationship. That is not what he is here for, however.

Mr. McCoy is here with me. He is very close to that operation. I should be glad to have him explain it.

Mr. PATMAN. Your answer, so far as I am concerned, will suffice, because I have 2 or 3 other questions I want to ask you, Mr. Secretary.

It was contemplated by Congress when authorizing WOC's that they would be used only when no full-time government employee was available. In BDSA, however, full-time employees are utilized only when a WOC is not available. BDSA was organized so WOC'S would serve as assistant administrators and industry division directors without regard to whether full-time employees would be available.

Have those policies been adopted?

In other words, it was intended that you would not use WOC's if you had a career employee available, but the rules seem to have been changed to where you only use a career employee if there is no WOC available.

Secretary WEEKS. No. I don't think that is so, sir. We try to get a carrer man.

Mr. PATMAN. You try to get a career man first?

Secretary WEEKS. We do, because that is what the law says we shall do, and where we can't find one that is adequately suited in our opinion, we bring in a WOC.

Mr. PATMAN. Mr. Secretary, do you look with favor on the Government adopting a policy of being dependent upon outside business for its assistance in time of peace?

Now, in time of war we have complete justification for it, but in time of peace do you believe that we should rely upon industry advisory committees, or that we should instead build up a strong career service of our own that would have the knowledge and knowhow and not have to depend upon people who have their own interests?

Secretary Weeks. If we were living in a normal world and had only peacetime pursuits to consider, I don't believe, of course, we would be thinking about WOC's.

Mr. PATMAN. You are looking upon this situation now as though we were in hostilities or almost equal to that?

Secretary WEEKS. I certainly think we are living in a cold war world where hostilities, if they are not imminent, they are certainly a possibility at any time.

Mr. PATMAN. Of course, that is always possible.

Secretary WEEKS. Not to the degree it is today.

Mr. PATMAN. What is our situation as regards an emergency now that the President has the power to declare any kind of emergency he wants to; of course, inherent power; are we under any substantial emergency powers now emanating from the President?

Secretary WEEKS. I wouldn't say so, sir; no.

Mr. PATMAN. What emergency powers are we under?

You know, Dr. Flemming painted a very dark picture here yesterday, and you have, too, in stating what a bad situation we are in, and why we should do all this now, and I am just wondering if that situation is so bad, why we don't have an emergency.

Secretary WEEKS. Well, because we have the Defense Production Act that enables us to plan and get ready for an meregency that may arise. I don't know what you may be referring to in connection with Dr. Flemming's remarks, but certainly we are wise, in my judgment, to do everything possible to get this country ready for an emergency.

Mr. PATMAN. But in order to justify advisory committees from private interests to came into the Government and find out what the Government is going to do, which is bound to be worth a lot to them in their own private business, in order to justify that, you must say that we are in a great emergency and being in a great emergency, why don't we have some sort of an emergency order from the President to justify it?

Secretary WEEKS. It set up the machinery to make these prepa-

Act.

Mr. PATMAN. The act, of course, goes that far.

Secretary WEEKS. It sets up the machinery to make these preparations.

Mr. PATMAN. Outside of that there is no emergency power that we are under, as I understand it.

Secretary WEEKS. I can't say offhand. Dr. Flemming would know. I would not.

Mr. PATMAN. I don't know either.

That is all I can think of at the present time.

The DBA prohibits the head of an agency to redelegate his power to appoint WOC's. In DBA for all practical purposes, selection of WOC's has been delegated to industry, however. In the aluminum and magnesium division and in the iron and steel division, task groups were organized to select WOC's to man these divisions, and their recommendations have been followed by BDSA. Why is that true, Mr. Secretary?

Secretary Weeks. Well, we go to the industry to get a man, but their word is not final. They recommend an individual and we look him over and talk with him and decide whether we think he fits the picture or not. We have to have the help of the industry to find a man. We don't know these people at the start.

Mr. Patman. Mr. Chairman, I assume there is no objection to the insertion in the record of those two tables that Mr. Weeks said he would bring up to date for us?

The Chairman. They may be inserted.

Mr. Patman. Thank you, sir.

The Chairman. Any further questions?

Mr. Multer. Mr. Chairman.

The Chairman. Mr. Multer.

Mr. Betts wants the floor.

Mr. Betts. Mr. Secretary, I have just one comment to make.

It seems to me that one important consideration, as far as WOC's is concerned, is that you go out and request the man. Isn't that right? They don't come and camp on your doorstep, so to speak, begging for a job, is that correct?

Secretary Weeks. That is correct.

Mr. Betts. I think the fact they don't is an indication there is no selfish purpose involved.

I personally feed it isn't fair to go out and draft a man to work without pay; make him expose his financial condition, and then immediately accuse him of coming down here for selfish purposes. I want to say, Mr. Secretary, that I certainly agree with the position you have taken.

Secretary Weeks. I continually talk to industry groups and groups of businessmen and ask them, when they are called upon, to make available people to come down here and help us and learn the ropes, so they will be available in this reserve that we are building up.

Mr. Talle. Will you yield, Mr. Betts?

Mr. Betts. I yield.

Mr. Talle. Mr. Secretary, I want to say this with reference to the testimony of Dr. Flemming on yesterday, which I thought was very good—if there was any darkness in it, it was because of the fact that our military budget runs at a figure of $39 billion. Now, that is the darkness we are in, and in an atmosphere of that sort the lion and the lamb don't lie down together. We didn't make the darkness in our world, but we are in it. That is the atmosphere we have to face up to.

Thank you, Mr. Betts.

Mr. Betts. That is all I have, Mr. Chairman.

The Chairman. Mr. Multer?

Mr. Multer. Mr. Chairman.

Mr. Secretary, Mr. Betts a moment ago used the word "draft." You don't draft anybody into your organization, do you?

Secretary WEEKS. No, sir.

Mr. MULTER. I would like for a moment, before I continue with my inquiries directed to you, Mr. Secretary, to ask Mr. Oechsle a question or two along the line that Mr. Patman opened up, if I may.

Mr. BOLTON. Mr. Chairman, may I inquire at that point whether the questions have to do with this act?

Mr. MULTER. I think they have a bearing on the overall operation of the Department of Commerce and whether or not it would require amendment of this act, I don't know, but I want to develop the facts.

Mr. PATMAN. We even had Mr. Barnes, director of SBA, before us last year, because it does affect the Small Business Administration.

Mr. BOLTON. If that is the feeling of the committee, I merely asked the question.

Mr. MULTER. Mr. Oechsle, I believe that you have been representing the Department on the Loan Policy Board of SBA since its organization, is that correct?

Mr. OECHSLE. I have attended all of the meetings. In most cases, however, the Assistant Secretary for Domestic Affairs is the represenative of the Secretary, and since I have been deputy assistant secretary, I have been under three assistant secretaries, starting with Craig Scheaffer, Lothair Teetor, and now Mr. Frederick Mueller will be the representative. He has just come down to government. He has only been here a short time, but in the meantime I have attended all of the meetings.

Mr. MULTER. How far back in point of time does your service in the Department go?

Mr. OECHSLE. May 25, 1953.

Mr. MULTER. What was your affiliation in business before coming to the Department?

Mr. OECHSLE. Before coming to the Department I had retired from active business. I have a business with my son-in-law up in East Hampton, Mass. The Tubed Chemical Corp., from which I am on leave of absence.

Mr. MULTER. You also attended some of the hearings of the Small Business Committee of the House, did you not?

Mr. OECHSLE. I did, yes.

Mr. MULTER. Did Mr. Barnes report very early after the organization or after his appointment to the Loan Policy Board that when he attended before the House Small Business Committee, they were very pointed in their comments about the intent of Congress being that the pervailing rate of interest should be charged throughout the country on small business loans?

Mr. OECHSLE. That has come up at Loan Policy Board meetings, yes, sir.

Mr. MULTER. Did he report also that the Small Business Committee said it was the intent of Congress that not more than 6 percent should be charged?

Mr. OECHSLE. That was also discussed at Loan Policy Board meetings.

Mr. MULTER. Do you know, or were you present at the Loan Policy Board meeting at which it was determined that more than 6 percent would be charged on small business loans?

Mr. OECHSLE. That I would have to check and find out.

(The following information was submitted by the Department of Commerce:)

Mr. Oechsle was not at the meeting referred to. The practice from the first to date in this matter follows: With respect to certain loans in which SBA participated with local banks, the original policy was to let the local bank set the interest rate. In the case of loans on accounts receivable, the borrowers could arrange for loans from factors at 12 percent or higher or occasionally with banks at a lower figure. In 51 cases (out of some 2500) SBA participated at joint rates in excess of 6 percent. Later, SBA limited its charges to 6 percent without regard to the rate charged by the bank. Upon enactment of the 1955 amendment, no loans were made involving interest rates in excess of 6 percent. It should be added that the rates on loans secured by accounts receivable must reimburse the banks for attending to considerable detail in the administration of assigned accounts.

Mr. MULTER. Do you know that more than 6 percent had been charged up to the time we changed the law last year?

Mr. OECHSLE. Yes, on certain participating loans with banks, where in certain sections of the country, like Texas and numerous other States, where there is a higher bank loan average, yes, it ran over.

Mr. PATMAN. It didn't hurt you much in Texas because you didn't make many.

Mr. OECHSLE. I know.

Mr. MULTER. What was the highest rate charged to small business?

Mr. OECHSLE. That I would have to check.

Mr. MULTER. Would you get that information for us?

Mr. OECHSLE. Yes, sir.

(The information supplied by the Department of Commerce is as follows:)

The highest charge was 8 percent. This was made on 14 loans secured by accounts receivable. In addition to the difficulties attendant on such loans recited above, it should be made clear that many factors go into loan decisions, including decisions on interest rate to be charged, which are essentially transactions between the bank and the borrower. The nature of the loan, purpose for which sought, type of security available, reputation for repayment, whether the lending institution has been extended in its lending functions, etc., are such factors which affect the rate to be charged.

Mr. MULTER. Were you present at any Loan Policy Board meeting in which the matter was brought up again after the change of the law last year at which it was reported that it was the intent of Congress that the prevailing rate should be charged, not more than 6 percent, and that small-business men should be charged less than 6 percent on their loans, where the prevailing rate was less than 6 percent?

Mr. OECHSLE. That I will have to check.

Mr. MULTER. If you will, please.

Mr. OECHSLE. I will be glad to do that.

Mr. MULTER. Thank you.

(The information supplied by the Department of Commerce is as follows:)

Mr. Oechsle was present when the interest to be charged after the 1955 amendments were enacted was discussed. It should be clear from the above explanations that there is no prevailing interest rate charged in an area. The definition of an "area" itself presents very considerable difficulty. The type of factors which go into decisions as to the rate to be charged are described above. An overriding consideration in determining the prevailing rate to be charged in the area is the fact that the particular loan is not being made in the area. If funds are avail-

able elsewhere, SBA may not make the loan. The problem is then one of determining the rate which would be charged by private lenders in making a loan which will not be made by private lenders.

Mr. MULTER. Mr. Secretary, I may have misunderstood one of your comments or answers to the chairman. Did I understand you to tell him that you were in agreement with the intent of the law requiring WOC's to make full disclosure of their business affiliations?

Secretary WEEKS. I am agreeing with it as long as it is a part of the law, but I suggested in my statement, which I read before you came in, Mr. Multer, that the committee give consideration to eliminating that provision.

Mr. MULTER. I noticed that in your statement. That is why I thought possibly I misunderstood you as to your agreement with the spirit of the law. In other words, you think it is a bad provision of the law and ought to be eliminated?

Secretary WEEKS. My agreement was on the question of policy making. I completely agree with that.

Mr. MULTER. You disagree with the policy, but as long as it is the policy written into the law, you will enforce it?

Secretary WEEKS. Of course I will, yes, sir.

Mr. MULTER. Now, before your confirmation, Mr. Secretary, you made full and frank disclosure to the Senate committee of your business affiliations and financial affairs, did you not?

Secretary WEEKS. No, sir. I told them of my business connections, all of which I severed when I took office, but I have never made any disclosure of my personal affairs. I have never been asked for them.

Mr. MULTER. Of course you didn't raise any objection to severing those business connections in order to qualify as Secretary of Commerce?

Secretary WEEKS. Not in the slightest.

Mr. MULTER. You put the duty to your country first?

Secretary WEEKS. Well, I hope I will always put duty to my country first, and the WOC's do, but they occupy a somewhat different role in the scheme of things.

Mr. MULTER. Yes. That is the very point I am going to try to make, Mr. Secretary, that you and everybody in your Department who is full-time are subject to several sections of the law—sections 281, 283, 284, 434, title XVIII of the U. S. Code, section 190 of the Revised Statutes, and those provisions carry with them not only restrictions against doing certain things but they also carry criminal penalties if anyone violates those sections of the law.

Now, the WOC's are exempted from all of those provisions, are they not, by express provisions of the statute?

Secretary WEEKS. I can't answer the question categorically, but I don't think they are exempt from the type of provision you refer to. WOC's are not allowed on our rolls at all because of the Defense Production Act, and we think of their use as a part of building up defense mechanism and planning the mobilization base and getting the stockpiling. They wouldn't be here if it weren't for defense planning.

Mr. MULTER. We wrote into section 710, subdivision 4 (b)—you will find it on page 20 of the little blue pamphlet, "Express Exemptions from the Operation of Those Sections," which I referred to a moment ago—you observe that, do you not, Mr. Secretary?

Secretary WEEKS. May I ask what the question is?

Mr. MULTER. I am directing your attention first to the fact that these sections of the law carry with them criminal penalties as well as certain restrictions against any full-time employee of your Department doing certain things, and those penal sections of the law, as I just directed your attention, do not cover WOC's by express exemption written into the law.

Secretary WEEKS. Section 281, 283, 284, 434, and so forth?

Mr. MULTER. Yes. Having in mind you and your fulltime employees are subject to those sections, and the WOC's are expressly exempted from the provisions, why is it difficult to justify the restrictions that have been placed on the WOC's?

Secretary WEEKS. Well, I haven't made any complaint about the restrictions, except this particular one on financial disclosures, which I don't think is necessary nor do I think it quite fair to those men that are involved. They are here for a very short period, relatively, for a particular purpose, and I don't think it accomplishes anything that wouldn't be accomplished anyway, and I think it is an unfair distinction we draw on these people.

Mr. MULTER. Well, then, Mr. Secretary, is it fair to say that your statement at the bottom of page 3 that "it seems anomalous, therefore, that unusual restrictions and inhibitions have been placed upon their employment"—that should be limited solely to the disclosures of their status and business connection?

Secretary WEEKS. That was what I was talking about; yes, sir.

Mr. MULTER. Now, when we changed the law last year and put in an express provision that you must in the first instance determine that a full-time employee can not do the job before you take a WOC, we had in mind that a great many WOC's were coming in and doing the job because in many instances they thought they could do the job and at the same time help their companies. Now, whether or not that was a proper reflection upon them or not is beside the point, but the Congress did feel, at least in some instances, there were full-time employees available to do the job that WOC's were being called upon to do. We expressly required heads of the Departments to first determine that there is no full-time employee available to do the job before putting on any WOC.

Has your Department done that in each instance before continuing the WOC's or putting on new WOC's?

Secretary WEEKS. We make every effort to find the right man on a career basis, but we just can't do it in many instances. We can't get the type of an individual we think we need to fit into the scheme of things.

The CHAIRMAN. Mr. Multer, will you yield to me?

Mr. MULTER. Yes, sir.

The CHAIRMAN. Mr. Secretary, you say you are in favor of repealing that section that requires disclosure of the property of the WOC.

Now, Dr. Flemming testified that he wanted the bill or the act continued as is. He didn't make any such request as that.

What is the policy of the administration with reference to that?

Secretary WEEKS. I dare say——

The CHAIRMAN. Has that provision ever been submitted to the Bureau of the Budget?

Secretary WEEKS. I dare say that particular provision, there is no, presumably is no administration policy on it. I know that Dr. Flemming made the statement you attribute to him. I have personally felt—this is my personal view—that while it is there we can live with it and will live with it. I could not refrain from saying, as a matter of fairness, that I thought it was wrong and unnecessary to make this distinction between these people and make them disclose their personal affairs.

Now, if it is in there, we will work with it. We are working with it today. They have all filed their statements in accordance with the statute, everyone that is with us.

The CHAIRMAN. So that was Dr. Flemming's personal opinion and this is your personal opinion?

Secretary WEEKS. I think so; yes, sir. Most of the WOC's are in the Department of Commerce. I think Dr. Flemming only has a few WOC's. Most of them are in the Commerce Department.

The CHAIRMAN. You don't take issue with him for making any demand for a change in the act as it now exists?

Secretary WEEKS. No.

The CHAIRMAN. You are merely expressing your personal opinion about this?

Secretary WEEKS. Just expressing my personal opinion, sir.

Mr. MULTER. Mr. Secretary, if you have this recruiting program in full swing now by which you bring down to Washington men who you think can serve in the event of emergency, and you indoctrinate them as to what they should do, why is it necessary, when you are building up that kind of a reserve, to continue WOC's at all today? Why can't you let all the WOC's go, knowing that you have got a reserve that you can call upon in event of emergency?

Secretary WEEKS. Because I think you would do great damage to your defense planning program if you didn't have them. It is hard for me to understand why anyone would not agree that it is extremely desirable to have this leavening of men fresh from business on a rotating basis. Here we are dealing with business. That is what we are there for, both in planning for mobilization, and I think you do great harm to the planning program, to the work we do for the ODM, unless we had these fellows come in.

In addition they are building up this executive reserve, so that if we get into trouble, we can call on several hundred people to come in and go right to work and they will know what to do and know how the machinery operates.

Mr. MULTER. Are these WOC's in your Department putting in full time?

Secretary WEEKS. Yes, sir.

Mr. MULTER. We have been told many of them put in only 2 or 3 days a week in Washington and the other 2 or 3 days they put in in their own plants or offices.

Secretary WEEKS. As I pointed out, we have 34 today. Twenty-one are, you might say on full time, and the others are on a consultant basis, so possibly some of those you have reference to, sir, are those who come in on a consultant basis from time to time.

Mr. MULTER. I wouldn't expect a consultant to come in on a full-time basis; but I am referring to WOC's who are directors, assistant

directors, and deputy directors. I think it was the impression of Congress that those men, for the limited time they would be with Government, would put in full time and not divide their time between Washington and their home offices.

Secretary WEEKS. They do put in full time, sir.

Mr. PATMAN. You mean to say all WOC's put in full time?

Secretary WEEKS. All except those on a consultant basis, and most of them do. We only have 13 of them.

Could I ask Mr. McCoy to give you a little detail on that?

Mr. MCCOY. In times past, Congressman, there may have been some WOC's who felt that they got their work done in less than full time. Today, however, our experience is that all of our regular line people spend full time at their jobs. The WOC's we now have, a limited number on a consulting basis, may be spending 1 or 2 days a month with us, depending on circumstances, and it varies rather widely in that respect.

Mr. MULTER. The old National Production Authority was reorganized into the Business and Defense Services Administration. When that was done, WOC's were put in charge of BDSA, were they not?

Mr. MCCOY. No, sir.

Secretary WEEKS. No, sir.

Mr. MULTER. Weren't some WOC's in charge of recruiting personnel for BDSA?

Secretary WEEKS. I don't know of any.

Mr. MCCOY. No, sir.

Mr. MULTER. Isn't it a fact that WOC's in BDSA dismissed some 200 employees in that Department and the Civil Service Commission was required to direct that they be reinstated?

Mr. MCCOY. I can answer that, Mr. Secretary.

You are referring to the time when there was a great reduction in force, beginning early in 1953, or earlier than that, actually, but the major reduction in force in the National Production Authority occurred in January 1953, and proceeded largely through August and September of that year. The reorganization, the reduction in force was carried out under the general direction of the Assistant Secretary of Commerce at that time.

Mr. MULTER. Wasn't the reason the Civil Service Commission directed 200 employees to be reinstated was the reduction in force was not really a reduction in force, that their duties were simply transferred to other persons?

Mr. MCCOY. No, sir.

Mr. MULTER. What is the reason?

Mr. MCCOY. We had a very large reduction in force to accomplish in a very short time. You may recall the Congress did not appropriate funds for the fiscal year 1954 until long after the beginning of that fiscal year. We did not know at that time how much money we would have to operate on, so we had to carry out a reduction in force, in some cases greater than was necessary, that later turned out to be necessary.

The Civil Service, by request of the Commerce Department reviewed the reduction in force program and found that there were those who were entitled to stay on rather than be dismissed, and those corrections were made in accordance with civil-service rules and regulations.

Mr. MULTER. In the course of making those corrections and reinstating those 200 employees, wasn't it necessary, also, to follow the civil-service directive that you release some 52 percent of the employees the WOC's had retained?

Mr. MCCOY. WOC's were not involved themselves in the reduction in force.

Mr. MULTER. Did not the WOC's employ personnel which the Civil Service Commission required to be dismissed?

Mr. MCCOY. The decision about who was released was an administrative decision not made by WOC's at all. They were asked for some advice with regard to capabilities of people then on the staff; did they have the required experience, in their judgment, to carry on the work that might be required; but the final decision rested with the Assistant Secretary of Commerce for Domestic Affairs and Assistant Secretary of Commerce for Administration, who finally issued the orders on the reduction in force.

Mr. MULTER. You say it was just coincidental that 52 percent of the employees that had been retained by WOC's had to be released in order to make room for the 200 employees who had been dismissed?

Mr. MCCOY. I don't understand that question. WOC's were not involved in the reduction, Mr. Multer. They cannot be.

Mr. MULTER. Where were the employees working who had to be released to make room for the 200 employees that were reinstated?

Mr. MCCOY. Throughout the industry divisions of the then NPA. I don't recall how that was distributed.

Mr. MULTER. Throughout the industry divisions of BDSA?

Mr. MCCOY. NPA at that time. It didn't become BDSA until October 1.

Mr. MULTER. It is throughout the industry divisions that you have practically all of your WOC's?

Mr. MCCOY. That is right.

Mr. MULTER. As a matter of fact, in the current Congressional Directory, of 20 directors in the industry division, 16 are WOC's and 4 are full-time employees.

Secretary WEEKS. Twenty-five industry divisions; 14 are under directorship of a WOC and 11 under the directorship of a career man.

Mr. MULTER. That is the situation today?

Secretary WEEKS. Yes, sir.

Mr. MULTER. When this directory went to press earlier this year, however, it indicated 16 WOC's and 4 full-time employees were directors.

Mr. MCCOY. That directory isn't correct as of today.

Mr. MULTER. When you bring up to date the statement of WOC's that you are going to do pursuant to Mr. Patman's request, will you indicate on that, please, which of those WOC's on the list, that is part of the record of our hearings of last year, are no longer there, and which of the WOC's now there have come with Government within the last 6 months?

Mr. MCCOY. Mr. Multer, we have a list of the current WOC's now employed on duty. If I understand Mr. Patman's request, it was to take the old comprehensive list, which we gave to this committee last year, which is several hundreds of names, and bring that list up to date by adding WOC's who served in one capacity or another in our De-

partment since that list was made up. That will be a full and complete list then, going back to 1951. It will show only by inclusion the new names, the new people who have served since that list was compiled. We can provide you now with a list of current WOC's.

Mr. MULTER. Suppose you supply that to us as of now and then you can bring the list up to date as requested by Mr. Patman. I think that will serve our purposes.

To a certain extent the other list will be duplication of this?

Mr. MCCOY. These names will be included in the bringing up to date of the larger list.

Mr. MULTER. If it is agreeable to the committee, suppose we use this and not make it a part of the record, and make the other a part of the record.

Mr. PATMAN. I think it would be well to put this one in because the other one—if we want to find out which is brought in, it would be difficult.

Mr. MULTER. May this be made part of the record, Mr. Chairman?

The CHAIRMAN. Without objection this may be made part of the record.

(The information follows:)

Industry officials employed without compensation in BDSA as of Mar. 14, 1956

IN OPERATING POSITIONS

Name	Position in BDSA	Company affiliation and position
Burley, John V	Director, Iron and Steel Division	Assistant general manager of sales, Republic Steel Corp., Cleveland, Ohio.
Crosby, Joseph P	Director, Metalworking Equipment Division.	Vice president, Lapointe Machine Tool Co., Hudson, Mass.
Dueringer, Wilbur F	Director, Power Equipment Division.	Engineer in charge of sales of steam turbines, Allis-Chalmers Manufacturing Co., Milwaukee, Wis.
Fowles, George A	Director, Chemical and Rubber Division.	Manager, plastic materials sales, B. F. Goodrich Chemical Co., Cleveland, Ohio.
Frazza, Louis F	Director, Water and Sewerage Industry and Utilities Division.	Manager, direct sales pipe division Johns-Manville Sales Corp., New York, N. Y.
Gibbs, Lewis T	Chief, Carbon and Alloy Semifinished Rail, Structural, Bars, Wire, and Forgings Branch, Iron and Steel Division.	Assistant manager, high strength steel sales, U. S. Steel Corp., Pittsburgh 30, Pa.
Halderman, Lawrence J	Director, General Components Division.	Branch manager, Timken Roller Bearing Co., Los Angeles, Calif.
Jones, William J	Director, Automotive Division	Assistant general production manager, Chrysler Corp., Detroit, Mich.
Krohn, Gilbert H	Chief, Stainless, Hi-Temp, Alloy and Tool Steel Branch, Iron and Steel Division.	Sales representative, tubular products division, Babcock & Wilcox Co., Chicago, Ill.
Macauley, Irving P	Director, Aluminum and Magnesium Division.	Vice president, executive sales, Reynolds Metal Co., New York, N. Y.
Martin, Roger H	Chief, Carbon and Alloy Flat Rolled and Tubular Products Branch, Iron and Steel Division.	Assistant manager, tubular products, Jones & Laughlin Steel Corp., Pittsburgh 30, Pa.
Martin, Terry B	Director, Electrical Equipment Division.	Standards engineer, Square D Co., Milwaukee, Wis.
Merliss, Frederick A	Deputy Director, Aluminum and Magnesium Division.	General superintendent, United Smelting & Aluminum Co., Inc., New Haven, Conn.
Pommer, Clifford G	Director, Shipbuilding, Railroad, Ordnance and Aircraft Division.	Manager, marketing, Schenectady Aeronautic and Ordnance Systems Department, General Electric Co., Schenectady, N. Y.
Reed, R. Chester	Deputy Director, Containers and Packaging Division.	Supervisor, packages and shipping division, the Texas Co., New York, N. Y.
Sandston, William L	Chief, Business Research and Analysis Branch, Iron and Steel Division.	Economic analyst, Armco Steel Corp., Middletown, Ohio.

Industry officials employed without compensation in BDSA as of Mar. 14, 1956—Continued

IN OPERATING POSITIONS

Name	Position in BDSA	Company affiliation and position
Seeley, Clarence W	Director, Copper Division	District sales manager, Scovill Manufacturing Co., Waterbury, Conn.
Stuart, Charles M	Director, General Industrial Equipment Division.	Assistant to executive vice president, Carrier Corp., Syracuse, N. Y.
Van Rensselaer, Cortlandt	Deputy Director, Scientific, Motion Picture and Photographic Products Division.	Assistant sales manager, Hewlett-Packard Co., Palo Alto, Calif.
Waindle, Roger F	Chief, Castings Branch, Iron and Steel Division.	Vice president, Consolidated Foundries & Manufacturing Co., Boston, Mass.
Williams, Robert E	Director, Communications Equipment Division.	Staff representative, Automatic Electric Co., Chicago, Ill.

CONSULTANTS

Abbott, Edward	Consultants Food Industries Division	Assistant to vice president, Abbotts Dairies, Inc., Philadelphia, Pa.
Bailey, Frank R	Adviser (Nickel), Iron and Steel Division.	Manager, special activities, International Nickel Co., Inc., New York, N. Y.
Claussen, John A	Consultant, Iron and Steel Division	Secretary, Pig Iron Division, American Iron & Steel Institute, New York, N. Y.
Compter, George H	Consultant, Electrical Equipment Division.	Assistant to vice president and secretary, Ford Instrument Co., Division of the Sperry Corp., Long Island City, N. Y.
Daniels, Ernest W	Consultant, Forest Products Division.	Director of sales, Harbor Plywood Corp., Hoquiam, Wash.
Lickey, Edward F	Consultant, Metalworking Equipment Division.	Retired.
Moore, Thomas J., Jr	Consultant, Iron and Steel Division	General manager, Brainard Steel Division, Sharon Steel Corp., Warren, Ohio.
Reid, James F., Sr	do	Production manager, The Timken Roller Bearing Co., Canton, Ohio.
Sauers, Marguerite M	do	Executive assistant, General Refractories Co., Baltimore, Md.
Schlueter, Louis A	Adviser (Chemical and Rubber Ind.), Chemical and Rubber Division.	Member of Staff, American Coke & Coal Chemicals Institute, Washington, D. C.
Sebastian, Robert L	Consultant, Aluminum and Magnesium Division.	Retired.
Vuckel, Carl M	Consultant, Food Industries Division	Do.
Ware, Joel B	Consultant, Forest Products Division.	Sales representative, Great Northern Paper Co., Chicago, Ill.

Mr. MULTER. Is it the practice of your office, Mr. Secretary, that WOC's should remain on duty with the Department for 6 months and then a new person brought in; or do some stay on longer than 6 months?

Secretary WEEKS. Six to nine months, a few a year, I think.

Mr. MCCOY. Most of them are 6 months.

Secretary WEEKS. Most of them are about 6 months.

Mr. MULTER. Do you find it necessary to disqualify WOC's from acting on tax amortization matters?

Let me reframe the question.

Did you direct that WOC's be disqualified from acting on tax amortization matters?

Secretary WEEKS. Yes, sir.

Mr. MULTER. Why was that done, sir?

Mr. McCoy. That was done, Mr. Multer, because, first, we do not want any WOC acting upon an application for accelerated amortization from his own company. He wouldn't do that anyway.

Second, that we wouldn't want to put them in a position of passing upon any benefit to be given to a competitor, no matter how remote, so they are completely disqualified or do not concern themselves at all with tax amortization. That is entirely in the hands of career people.

Mr. Multer. In other words, you consider that there is a possibility that either the man might be passing on the application of this own company or if not, he might be passing on the application of a competitor?

Mr. McCoy. That is right.

Mr. Multer. To turn down the application of a competitor keeps that company from moving forward.

Now, are there two assistant administrators in Business and Defense Services Administration still WOC's?

Secretary Weeks. No, sir. There are three, and they are all career people.

Mr. Multer. Is it correct to say at the top, the Administrator, Deputy Administrator and three Assistant Administrators are all now career people?

Secretary Weeks. Yes, sir.

Mr. Multer. Let's go to the aluminum and magnesium division. The Director there is a WOC?

Mr. McCoy. Yes, sir.

Mr. Multer. The Deputy Director is a WOC?

Mr. McCoy. Yes, sir.

Mr. Multer. The Assistant Director is Mr. Arthur A. Snow?

Mr. McCoy. That is right.

Mr. Multer. How long has he been with the Department?

Mr. McCoy. I cannot give you that answer offhand. Mr. Snow has been in the aluminum division since OPA days; I would say 4 or 5 years.

Mr. Multer. A good competent man?

Mr. McCoy. Very.

Mr. Multer. Does the Director of the aluminum division change every 6 months?

Mr. McCoy. That has been the practice.

Mr. Multer. The change is made by first bringing in someone from Alcoa, then he is succeeded by a Kaiser or Reynolds man and the third man is either Kaiser or Reynolds, depending on who the second man was, and each serves 6 months?

Mr. McCoy. That is right.

Mr. Multer. What is the situation with reference to the Deputy Director?

Mr. McCoy. The Deputy Director is a person from one of the independent fabricating companies in the industry.

Mr. Multer. You say one of the independent fabricating companies?

Mr. McCoy. Yes; other than the primary producers.

Mr. Multer. In all fairness, don't you think Mr. Snow is sufficiently competent to do the job of a director, having in mind the director and deputy director change every 6 months?

Mr. McCoy. It is a very small division. Mr. Snow is a competent man. We feel, however, that for sometime we should have two men from industry in that division who receive training. We do not think Mr. Snow, yet, with all due deference to his capabilities, is quite—has quite the capacity today to take either the deputy job or the director's job.

Mr. Multer. He is the one man in the division who guarantees continuity of action?

Mr. McCoy. That is right. We hope to increase the staff of that division, because Mr. Snow is overworked. Unfortunately, he is in the hospital now. We would like to increase that staff. At sometime in the future possibly it will be possible to promote Mr. Snow to deputy director, add to the division, and have only a director of the division as WOC.

Mr. Multer. I think I counted yesterday when Mr. Flemming was here that about 4 WOC's are in subordinate positions to that of director, and in the subordinate positions to director, such as deputy director, you had about 26 full-time career employees. I can't understand—and I wish you would try to make it clear for the record, if you can—why those full-time men acting as deputy directors can't do the job of the director and have the director as his adviser rather than have a WOC sitting on the top as the director.

Secretary Weeks. Well, you only do in about half the cases, and in those cases it is a matter of judgment as to how you get the best results. You have the two elements entering into the picture, and you decide in that case, "Well, that is the type of man we need to get the best results."

Mr. Kilburn. Would the gentleman yield for a parliamentary inquiry?

Mr. Multer. Yes.

Mr. Kilburn. I would like to respectfully ask how we are going to distribute the time among the members of this committee in questioning.

Mr. Multer. So far as I am concerned, any time the chairman feels we should go under the 5-minute rule, I am agreeable to that.

The Chairman. I usually recognize the members when they ask for recognition. I asked if anybody desired recognition, and nobody over here said they wanted recognition. Mr. Multer said he wanted recognition.

If anybody wants recognition, I am always glad to give it, and there is no discrimination.

Mr. Kilburn. I don't claim discrimination, but if you have an hour and a half questioning and somebody takes a half hour, say, a lot of them don't get a chance to question.

The Chairman. We would have to establish the 5-minute rule or something of that kind. We might do that. Then after we get through with that, interrogation goes on anyhow, so we finally fall into the same thing.

Have you any questions you desire to ask now?

Mr. Kilburn. I have 2 or 3 short ones.

Mr. Multer. I will yield.

The Chairman. I recognize you.

Mr. MULTER. Mr. Chairman, I have always sat back and let the other members ask their questions because I know I usually go longer than they do. I will yield the witness.

Mr. KILBURN. I would like to ask, Mr. Secretary, if you are supporting H. R. 9852.

Secretary WEEKS. If that is the bill we are discussing, sir, I am.

Mr. KILBURN. Without any changes?

Secretary WEEKS. Yes, sir, I am.

Mr. KILBURN. So that you do not recommend any amendment such as you indicated a difference of opinion on a little while ago?

Secretary WEEKS. I am not specifically recommending any amendment except that the committee give some consideration to that one point that I made. Otherwise, none at all, sir.

Mr. KILBURN. Otherwise, you support the bill just like it is?

Secretary WEEKS. Yes, sir.

Mr. KILBURN. Thank you.

That is all.

The CHAIRMAN. Does anybody else desire recognition on this side?

Mr. MCVEY. I should like to ask a question, Mr. Chairman.

The CHAIRMAN. Mr. McVey.

Mr. MCVEY. Thank you, Mr. Chairman.

Mr. WEEKS. I want in the beginning to tell you that I am convinced that the employment of WOC men is a good government procedure. I have known many of those men over the years and they have been very high-principled men and very efficient. I think they bring to the Government a type of experience and a background that you cannot find in the career employee. Over the years I have heard this objection on the part of businessmen. They have told me that when they come down to Washington they have to sit at the feet of young men many times who lack the background of experience in dealings with problems they have presented.

Mr. Flemming made the statement yesterday that—and I want to say that Mr. Flemming made a very fine statement before this committee. He was very loyal to the Department of Commerce—he gave us this impression: that career employees are not entirely immune from unfaithfulness to their trust, and he left the impression with me at least that the percentage of men in the WOC group, which is unfaithful to its trust, is no greater than that among career employees.

Do you wish to comment on that?

Secretary WEEKS. Well, as far as the WOC's are concerned, I don't recall, since we have been there, since this administration has been in office, I don't recall any WOC that hasn't been faithful to his trust. I think the record will bear that out.

As far as the career people are concerned, I am a great admirer of the career service and I hope that it will stay with us and continually improve.

In any group of society there is always someone who turns up that may not do the right thing. He is the exception that proves the rule, and that is so all through Government and private enterprise, but I think we have an excellent record and offhand I don't think of anything, by career or WOC, that I could criticize from the standpoint of being faithful to their trust since I have been here.

Mr. MCVEY. I am glad to have your statement in regard to whether

you support this bill. I think you made the remark at the close of your statement that you did favor the passage of the bill as it is.

Secretary WEEK. Yes, sir.

Mr. MCVEY. But you wanted us to consider this matter of WOC's.

Secretary WEEKS. Yes, sir.

Mr. O'HARA. Mr. Chairman.

The CHAIRMAN. Mr. O'Hara.

Mr. O'HARA. Mr. Secretary, am I to accept your prepared statement as an expression of your personal opinion or as expressive of the policy of the administration?

Secretary WEEKS. You mean with respect to the——

Mr. O'HARA. The entire prepared statement.

Secretary WEEKS. Well, I would say generally speaking it is the administration position, except that I said that on the matter of the disclosure of personal affairs, that that was my personal opinion, but insofar as the support of the bill, and the general statement is concerned, that goes along with the statement made by Dr. Flemming and with what I would say was administration position; yes, sir.

Mr. O'HARA. I refer only to the prepared statement.

I had presumed that when a member of the President's Cabinet appears before a committee of the Congress, his prepared statement sets forth the position of the administration, and in accord with the policy of the administration. Am I right or wrong?

Secretary WEEKS. Yes, sir; generally speaking. It does in this case, as I say, except that——

Mr. O'HARA. Might I call your attention to page 4 of your prepared statement in regard to the requirement that WOC submit statements of their financial interests.

Secretary WEEKS. That is my personal view.

Mr. O'HARA. Then what part of this prepared statement is your personal opinion and what part encompasses the policy of the administration?

Secretary WEEKS. I would say it is all administration policy except that one, and that might be. I just haven't checked it out with anybody else.

Mr. O'HARA. Going a little bit lower, to the last paragraph on paragraph 4, you state that, "In view of the present international outlook, I would think that a 2-year extension in place of the previous 1-year, is fully justified." Is that your personal opinion, that the outlook at the present time, the international outlook is so gloomy that we must take a pessimistic view of it or is that the finding and the belief of the administration?

Secretary WEEKS. That is both my personal opinion and I would say it was the administration view, in which the lead is taken by the Office of Defense Mobilization, Dr. Flemming. I think the mere fact, as has been pointed out this morning, that we are spending $39 billion for defense and defense-supporting setup, that there must be some serious situation in the world or we wouldn't be doing that.

Mr. O'HARA. Mr. Secretary, this administration is running for reelection on a platform that the peace has been won. Do you not discern an inconsistency in what you now testify is the administration's concern over the gravity of the international situation?

Secretary WEEKS. I was brought up to believe, Mr. Congressman, that if you are able to take care of yourself, you don't get in trouble so

easily as you do if you are not. That applies to individuals and nations, and the fact that we may have a situation in the world where we my get in trouble, certainly you wouldn't want us to drop our guard, would you?

Mr. O'Hara. Well, I would say that this involves a little bit more than an expression of philosophy, in view of a current international tension that I understand you to say the administration regards as serious. I think you would not put that language in unless you had consulted with other members of the Cabinet and perhaps the President himself. Am I right or wrong?

Secretary Weeks. Well, this is a statement that we worked out together, Dr. Flemming and the Commerce Department. The sponsorship for this bill obviously is under the general direction of the executive branch of the Government, of the Office of Defense Mobilization, so we would normally take our lead from that office.

Mr. O'Hara. By the way——

Secretary Weeks. The President, of course, I might add, the President, I think in his State of the Union message and otherwise, has called for renewal of the act. He asked for a renewal.

Mr. O'Hara. I would like to ask a question, Mr. Secretary, and if you feel it shouldn't be answered, I will understand. I am a little new on this committee, having served here only in three Congresses, and I am just seeking a little light.

When a member of the Cabinet appears before a committee of Congress with a prepared statement, is that statement submitted to other members of the Cabinet, or perhaps even the President himself before the Cabinet member appears before the congressional committee?

Secretary Weeks. It varies. In some cases where a particular department has the primary interest, the statements made by other departments will be cleared with that department, so that we will be taking the same line so far as administration viewpoint is concerned. In other cases it depends entirely on the circumstances.

In this case we take our lead from the President's request to the Congress that this legislation be renewed.

Mr. O'Hara. Did you discuss with the President or with any of your fellow Cabinet members the elimination of the requirement that WOC's should submit a statement of their financial interests? Specifically, did you discuss that with the President or any of your fellow members of the Cabinet?

Secretary Weeks. No, sir.

Mr. O'Hara. Then that is strictly your own opinion?

Secretary Weeks. Yes, sir.

Mr. O'Hara. Well, Mr. Secretary, some Congresses ago I introduced a bill—it never got any place; I think sometime it will—that provided that even Members of Congress should make public statements of their financial interest. Do you see any objection to that?

Secretary Weeks. That Members of Congress make public statements?

Mr. O'Hara. Certainly. Any man who is serving the Government in any capacity shall let all of the people of this Republic know what his financial interests are. Is there any objection to that?

Mr. Kilburn. I have.

Secretary Weeks. I certainly don't see any necessity for it.

Mr. O'HARA. Well, perhaps not. I am a little old-fashioned. I believe that the greatest honor that a public servant can have is to wear the cloak of poverty. Or if he had means before he came into the public service, which of course should not be held to his discredit, he should make such disclosure with statements of his private interests on entering the public service.

Do you think, Mr. Secretary, that the international outlook is so gloomy as to justify your stressing it in the last paragraph of your prepared statement?

Secretary WEEKS. I think the international outlook completely warrants the statement I made there, sir.

Mr. O'HARA. And that I am to accept as the viewpoint of the administration?

Secretary WEEKS. Yes, sir.

Mr. O'HARA. Thank you.

The CHAIRMAN. I saw a television picture the other day showing people in a church in Russia praying for the President's health. I suppose that was authentic.

Secretary WEEKS. You what, sir?

The CHAIRMAN. I say, I saw a television picture the other day which was a very good picture to display before election, of people in a Russian church praying for our President's health.

Mr. MULTER. May I suggest, Mr. Chairman, if that is Russian propaganda, the President will disavow it, but if it is the Russian people, I think we will all say "Hurrah."

The CHAIRMAN. I don't disapprove of it.

Mr. TALLE. Mr. Chairman, what election are you referring to? There are so many of them around the country.

The CHAIRMAN. The election being held shortly, the one that you now have in mind, too, my friend.

Mr. TALLE. No, sir; I don't have an election in mind at all, Mr. Chairman. I am merely asking: What election does the chairman have in mind?

The CHAIRMAN. You don't have it in mind?

Mr. TALLE. I don't have in mind what I believe now you have in mind, and I want to know a little bit more about it.

Mr. MULTER. Would it be out of order for a junior member to suggest that we get back to the witness?

Mr. TALLE. That is what I wanted to say earlier, when Mr. Multer and Mr. Patman were talking about interest rates, and some other subjects.

Mr. MULTER. You don't think they have any effect on the economy?

Mr. TALLE. Let us spend our time on the bill under consideration and the testimony of our witness.

Mr. PATMAN. A point of order on that. This involves the Small Business Administration, and the chairman asked the Administrator of the Small Business Administration to be here last year and testify, because the Small Business Administration is involved in this. Any question involving the Small Business Administration is a pertinent question.

Mr. TALLE. Apparently the gentleman believes interest rates and the Open Market Committee are in order in connection with the bill under consideration.

Mr. PATMAN. We didn't mention open market rates.

The CHAIRMAN. We have always said the rules of evidence that prevail in the courts should prevail in the proceedings of the committee, the rules of competency, relevancy, and materiality. They don't, I think in that particular question. I am not going to get in a dispute over that.

Are there any further questions?

Mr. REUSS. Mr. Chairman.

The CHAIRMAN. Mr. Reuss.

Mr. REUSS. Mr. Secretary, I would like to pursue, by just a question or two, the point that Congressman O'Hara just raised with you, namely, wouldn't it be a good idea if complete disclosure of financial interest is required of all policymaking officials, including Congressmen, and to that question, if I heard right, you said that you saw no necessity for that. Is that your answer?

Secretary WEEKS. That is correct.

Mr. REUSS. Let me ask you this: Let's suppose a public Federal official should recommend, let's say, that airline X rather than airline Y be given a very valuable air route franchise. Don't you think the public ought to know whether that public official has large stockholdings in airline X? Wouldn't that be interesting to the voting public?

Secretary WEEKS. Well, in the first place, the public official shouldn't own stock in an airline that he has any control over, either from an executive or a legislative point of view.

Mr. REUSS. Suppose he does own some stock in that airline? My question is, Why do you object to the requirement of disclosure before that public official takes office of his holding? Isn't that a legitimate interest of the public?

Secretary WEEKS. I am not a lawyer, Mr. Congressman. I don't know what the statutes are on it, but I think there are statutes that cover that point, where a man has any interest which involves a conflict of interest, I think he is required to disclose it. I think everybody who I know anything about has been very careful to, as a matter of practice, to not hold any interest in a company that he might have control over.

Mr. REUSS. But unless you have a requirement for disclosure of that interest, how does John Q. Public ever find out that that particular official has that stock holding or other financial interest?

Secretary WEEKS. Well, if there isn't already in the statute books a requirement for disclosure or holdings that involve a conflict of interest, I should be inclined to think there might very well be.

Mr. REUSS. Then you do see the necessity for such legislation whether or not it exists?

Secretary WEEKS. Where there is conflict of interests, yes. That is a different question in my mind.

Mr. REUSS. Thank you.

The CHAIRMAN. Isn't that principle inherent in our law, that where you may have an interest, it disqualifies you? You ask a juryman, "Have you any interest in this controversy?" And if he says he has, you disqualitfy him and dismiss him peremptory instruction, and the judge on the bench may disquality himself, if he is a good judge, and say, "I have an interest in this." That might not affect the judgement, but that disqualifiies him, per se, and I should think that if there are conflicting interests, whoever the man might be, it would

disqualify him from acting in that case. It would disqualify him in the administrative capacity, disqualify him in a judicial capacity, and as a juryman.

It is fundamental in our law everywhere. I think it is no reflection on a man to say, "We don't want you to decide this case because you have a personal interest in it." I can't see why he should object to letting the public know whether or not he has any interest that will conflict with his judgment. It he acts every day, he acts every day. The judge probably acts infrequently on things that affect him, but it is his duty to say he has an interest and it disqualifies a juryman, or in any capacity I know of. If he has a personal interest, he can't act as judge, and he can't act as administrator and he can't act wherever there is any judgment or discretion to be exercised.

Secretary WEEKS. Certainly, where there is a conflict of interest or could be, I am certainly for full disclosure in a case like that, just as you say and point out, Mr. Chairman; in the courts the practice is to disqualify yourself and state that you have an interest.

Mr. KILBURN. Will the gentleman yield?

Mr. REUSS. I yielded back the witness.

Mr. KILBURN. I have just one question. If you follow that theory to the nth degree, no member of Congress who owns a farm could vote on farm legislation, could you?

Mr. PATMAN. If it influences the vote, or the banker in the banking laws.

Mr. KILBURN. That is right. You can't vote on any banking interests if you own a bank.

Mr. PATMAN. If he owned enough interest to influence his vote.

Mr. MULTER. I remember when the gentleman from New York disqualified himself from voting on a banking law because he was interested in a bank that might be effected.

The CHAIRMAN. I think if a banker voted on a law that he was interested in, it would disqualify him. A man may certainly vote for the general law.

Mr. REUSS. Will the gentleman from New York yield?

Mr. KILBURN. I yield the floor.

Mr. REUSS. Mr. Chairman.

The CHAIRMAN. Mr. Reuss.

Mr. REUSS. I would like to comment on the point raised by the gentleman from New York, Mr. Kilburn, that what I was talking about in my questions to the Secretary were not a Congressman or a public official relieving himself from acting in a particular set of circumstances. What I was talking about was that there be a requirement of publicity for the financial interests of public officials, so that the public may know the various interests of the person who is doing the particular voting or deciding or recommending, nad it seems to me that Congressman O'Hara's proposal is a sound one.

Mr. KILBURN. I don't suppose there is any point in arguing the thing further because it is not before the committee, but I can answer your argument, I think.

Mr. FOUNTAIN. Mr. Chairman, may I ask 1 or 2 questions?

The CHAIRMAN. Mr. Fountain.

Mr. FOUNTAIN. Have you ever found any evidence of dissatisfaction among your career employees because of the appointment of some-

one outside of Government to direct them and their affairs and operations?

Secretary WEEKS. No, sir; not to my knowledge.

Mr. FOUNTAIN. Then all indications are that career employees, including your deputy directors, are perfectly satisfied with this WOC arrangement?

Secretary WEEKS. Yes, sir. I think——

Mr. FOUNTAIN. Whereby necessity they are made directors?

Secretary WEEKS. They are taking it for granted that is the setup, and I think everybody is happy with it.

Mr. FOUNTAIN. The reason I asked the question, I think they serve a very useful purpose, and yet I wonder, when a person comes in and is just on duty directing the operations of an agency for a period of from 6 to 9 months, as large as our Government is and as large as the operation, say, of your Department is, it seems to me that by the time he finds out what it is all about, he is about ready to leave. It means that for a period of from 6 to 9 months you have someone there directing the affairs who is really going through an educational process. But the time he learns the operations, and is better qualified to run a division, he is ready to leave.

Secretary WEEKS. Well, he is learning all the time. Of course, the problem is one that is akin—is a problem of the industry he comes from, and so he is well acquainted with industry problems and so many of the answers he has got right at his fingertips. He learns in the process how the Government operates in this particular area.

Mr. FOUNTAIN. In other words, most of his activities and advice relate directly to the type of industry from which he comes and a subject matter with which he is already very much familiar.

Secretary WEEKS. Yes, sir. You wouldn't, for example, get a man in the Textile Division and put him in the Machinery Division. He sticks to the things he knows something about. Then he additionally learns as he goes along how the Government operates in this area.

Mr. FOUNTAIN. That is all, Mr. Chairman.

Mr. MULTER. If no one else wants the witness, Mr. Chairman, I would like him.

The CHAIRMAN. You may inquire.

Mr. MULTER. Mr. Secretary, tell me, in the case of a career employee has been on the job for 20-odd years and has finally worked himself up to a top spot of assistant or deputy director. It will be a few more years before he can retire. He would love to head the Department up before he does go because he thinks he could do a good job. Who do you think he would complain to about a WOC, to the WOC who is the director or to the Secretary who appointed the director, who is the WOC?

Secretary WEEKS. I don't think I quite understand the question.

Mr. MULTER. The career employee is on the job, doing a good job. He knows, as indicated by Mr. Fountain, that you can't run this Department by a man coming in for 6 months or 9 months and then moving on out. Who do you think he would complain to, to the WOC, who is his boss, or to the Secretary of the Department, who appointed the WOC?

Secretary WEEKS. Well, you have got five full-time government people in charge of this operation, directly in charge of it, Adminis-

trator; Deputy Administrator, and three Assistant Administrators; and I presume he would complain to one of them or make his views known to one of them.

Mr. MULTER. Isn't it asking a little too much of that career employee to expect him to complain about his director who is a WOC?

Secretary WEEKS. I don't think so. I wouldn't say so.

Mr. MULTER. Well——

Secretary WEEKS. Particularly if 1 of the 5 have been there a long time, are career people, more or less as he is.

Mr. MULTER. Maybe I am more fearful than most. I have worked in government, too. I wouldn't dare make a complaint if I were in that spot, but let's go on to the next.

I think you said that every WOC now in the Department has filed the statements required by the law, is that correct?

Secretary WEEKS. Yes, sir.

Mr. MULTER. How many WOC's left the Department rather than file the statements?

Secretary WEEKS. None that I know of.

Mr. MULTER. The newspapers carried an item some time ago to the effect that some 30 WOC's refused to file a statement.

Secretary WEEKS. I am very glad you asked that question, Mr. Congressman.

There was a statement in the paper on December 31, in the Washington Post. The headline read, "Only Few WOC's Meet the Deadline on Holdings." And they mentioned a figure of 554, and then they go on to say that only 40 of the 554 had published their statements.

Now, that was completely wrong, and I would like to explain that of the 554, 164 are WAE's, which means "when actually employed," so that leaves us 390 WOC's, and the 390 figure included all former WOC's who are not active. Active WOC's in Commerce at that time, between 30 and 40, have all filed in accordance with the law, and I am sure that the relatively small number in other departments did conform, too, but they took a figure of 554, and said that only 40 had filed.

Well, everybody in Commerce that should have filed, did file, and I am sure that is so of the relatively small number in other agencies, and no statement could have been farther from the fact than that one. I have been waiting 3 months to get that in the record, Mr. Chairman.

Mr. MULTER. I asked that question yesterday of Mr. Flemming and indicated I was going to ask it of you today, because the one thing this committee likes to have is the facts, and we are very happy to have them supplied to us.

Did the tour of duty of any of the WOC's expire coincident with the date required for the filing of these financial statements?

Secretary WEEKS. Did the tour of duty expire?

Mr. MULTER. Of any WOC's who were there when the law became effective; did their term of office expire coincident with the time they were required to file?

Secretary WEEKS. I will ask Mr. McCoy to answer that.

Mr. MCCOY. I can't answer that precisely. There may have been one or two whose term was up about the time the law became effective, but as I recall they have filed.

Mr. MULTER. Now, again, with reference to the press, and possibly you can clear this up for the record too:

There have been some statements in the press that the administration offices have been talking about standby controls, and a proposed standby control bill. Did you participate in any such conferences or discussions?

Secretary WEEKS. Casual discussion, but never any serious conference. Like all matters relating to preparedness and defense establishment, these things come up from time to time, but I never recall having seriously considered standby controls.

Mr. MULTER. You don't think it is necessary to have such legislation on the books as against the time when you may have to use them?

Secretary WEEKS. No; I do not. I think the controls we have—you will notice, as I pointed out in my statement, that in an emergency, section 101 (b), there are certain powers granted to the President to control by restrictive language in 101 (b). I think we should go along as far as the control situation is concerned. I don't think we need any more. I don't think we need standby controls at the present time.

Mr. MULTER. The standby controls I am talking about are those which would be made effective only in the event the President or the Congress declared a state of war or emergency. I am not suggesting we give you any more controls to use now.

Secretary WEEKS. The bill I am supporting is the bill that now stands on the statute books, and I think that is the way it should be left.

Mr. MULTER. You don't think we should have any legislation put on the books which the President can implement and make effective in the event of an emergency?

Secretary WEEKS. No more than we have in the present statute.

Mr. MULTER. Of course you recall originally the Defense Production Act had several titles. We had controls, or legislation under title I, priorities and allocations, which are the only thing other than the general provisions in title VII which are in this law that you want extended. That is correct; is it not?

Secretary WEEKS. That is correct.

Mr. MULTER. The other titles were title II, authority to requisition and condemn, which has expired; title IV, price and wage stabilization, which has expired; title V, settlement of labor disputes; and title VI, control of real-estate credit.

You are not asking for any of those controls?

Secretary WEEKS. That is correct.

Mr. MULTER. You don't think you need them?

Secretary WEEKS. No, sir.

Mr. MULTER. Is there any justification for using WOC's in Government, except in times of emergency?

Secretary WEEKS. Well, of course we are getting ready for an emergency, and I would say in times of emergency or in times of preparation for emergency, that is when you want them. That is why they are tied into the Defense Production Act. If we didn't have a Defense Production Act and didn't have an Office of Defense Mobilization, and if we weren't spending all the time we are spending in this area, I wouldn't think you would need WOC's.

Mr. MULTER. Is there any emergency as of today requiring expansion of productive capacity and supply?

Secretary WEEKS. Requiring what, sir?

Mr. MULTER. Requiring expansion of productive capacity and supply.

Secretary WEEKS. Oh, there are areas where we need greater productive capacity. We have about 19 different expansion goals that are still not fulfilled—not filled. I think there is as much need for a little better dispersion of industry than in relation to the expansion goals themselves, but we have these expansion goals, and we are watching them very closely, and as I say, there are 19 left open in which Commerce is interested. There are about 13 more, I think, in which other departments are interested.

Mr. MULTER. That is 19 plus 13, or 32 out of a total of how many goals?

Secretary WEEKS. There are 32 today. There were about 250 originally—there are 32 today.

Mr. MULTER. Will you furnish for the record the goals which have not yet been attained?

Secretary WEEKS. I have it right here, sir.

Mr. MULTER. May that be made a part of the record, Mr. Chairman?

The CHAIRMAN. That may be made a part of the record.

(The information follows:)

Goals administered by Commerce

148 Aircraft, commercial, data.
222 Aluminum forging facilities.
177 Aluminum sheet producing and heat-treating facilities.
82 Glycerin.
99 Heavy aluminum aircraft forgings.
212 Heavy steel plates.
206 Laboratories, research and development (defense).
198 Medical supplies and equipment.
224 Production facilities for military and atomic-energy procurement.
176 Scientific instruments.
76 Steam boilers.
74 Steam turbines.
181 Steel castings.
27 Tankers, ocean-going—maritime.
134 Tapered aluminum sheet.
215 Titanium melting facilities.
223 Titanium processing facilities.
91 Welded aluminum tubing.
227 Roll-on, roll-off ships—maritime.

Number of cases handled by BDSA industry divisions

	New cases	Post certifications
1955—January through June	211	504
July through December	279	356
1955—November	38	71
December	37	49
1956—January	27	41
February	39	46

Mr. MULTER. Are you familiar with the scrap situation, Mr. Secretary?

Secretary WEEKS. Steel scrap?

Mr. MULTER. Yes.

Secretary WEEKS. Yes, sir.

Mr. MULTER. Do you know that the export of steel scrap increased from about 1 million tons in 1954 to over 5 million tons in 1955?

Secretary WEEKS. Yes, sir.

Mr. MULTER. Were you consulted about that situation?

Secretary WEEKS. I have spent a lot of time on that situation; yes, sir.

Mr. MULTER. Don't you think something ought to be done about that?

Secretary WEEKS. Not at this moment. We are watching it from day to day. The price factor has—I think prices are off about $6 a ton since the first of the year, and we think——

Mr. MULTER. Let's not leave it that way, Mr. Secretary.

Secretary WEEKS. What is that?

Mr. MULTER. Don't let's leave it that way, $6 off since the first of the year, after it had climbed $17.

Secretary WEEKS. I was going to finish the statement.

Going back to January, since then the price has dropped off about $6, and there is some evidence that the demand abroad is not going to be as great. Britain is not taking as much scrap as they were, and I think the Coal and Steel Community of the Continent are not going to take—don't want to take or plan to take as much as they did last year. That is the situation that is very complicated and which, as I say, we are watching and discussing. We bring it up for review almost every week.

At the moment the administration thinks that it is not indicated that we should put on export controls, but that doesn't mean that it might not be the indicated course a little later.

Mr. MULTER. Can you tell us when was the last time in this country that we had scrap go up 50 percent in price—steel scrap?

Secretary WEEKS. I don't remember. I think the rise has been, or could have been after the war, but I don't have the figures in mind, sir. I just know what has happened to it in the last year.

Mr. MULTER. Can you tell us when was the last time in this country that the export of steel scrap jumped almost four times what it had been the previous year?

Secretary WEEKS. Just before the Second World War, when we were shipping so much to the Far East, we ran up to about 3,900,000, or 4 million tons.

Mr. MULTER. Would it be fair to say that the 50-percent increase in the price of steel scrap and the increased demand for the export of scrap in 1955 was a danger signal? At least a warning sign?

Secretary WEEKS. I think it is a warning sign; yes, sir.

Mr. MULTER. Just one other matter, Mr. Secretary.

Title III of this act is also to be extended if we extend the act, expansion of productive capacity and supply.

The impression that I thought was trying to be created throughout the country is that our expansion of our productive capacity and sup-

ply is growing apace and private enterprise was doing a fine job on the economic level, without any Government aid or support. Is that a wrong impression? Do we still need governmental help for expansion of productive capacity and supply?

Secretary WEEKS. Well, there would be evidence by that list. There are some areas where it has been almost necessary for the Government to get in. Normally, industry is building up its own productive facilities. That is true in the steel industry. The production capacity in steel last year was about 125 million tons. It is already up 127 or 128 million tons. The companies are planning to continually increase their total capacity, and I think in most cases industry can do the job. There are some cases where there has been some necessity for the Government to step in and step in only because of the Government requirement, say, for stockpiling or whatnot.

Mr. MULTER. Thank you.

Mr. BOLTON. Mr. Chairman?

The CHAIRMAN. Mr. Bolton.

Mr. BOLTON. I would just like to clear one answer of yours up, sir, in answer to a question of Mr. Multer's as to whether the export of scrap at the present level was a warning or a danger signal.

I believe your answer was yes, and I wondered, a warning or danger signal of what?

Secretary WEEKS. Well, a warning that we have to continually see whether we are draining our resources in scrap to the point where our own industries might not have adequate supply.

Mr. BOLTON. Thank you, sir.

The CHAIRMAN. Are there further questions?

Mr. PATMAN. Just one other, Mr. Chairman.

Do you consider your agency, the Department of Commerce, a national planning agency, that you should be on the alert to find out whether or not we are producing enough steel or enough cement or enough different things, and if we are not, to, in other words, let it be known to the public and to the industries involved and try to persuade them to increase their production along certain lines?

Secretary WEEKS. Yes, sir; I do. I feel it is part of our responsibility to bring to the attention of the Office of Defense Mobilization of an area where there might not be sufficient capacity to take care of our defense-supporting needs.

Mr. PATMAN. Let's leave off defense. Aside from defense, do you feel like it is your duty when our defense question is not involved to be on the alert and make sure that we are having enough or are going to secure enough production for our domestic and civilian needs, not related to national security?

Secretary WEEKS. I call that area defense supporting. In other words, if you are going to have defense as such, you have to have people who are going to work for defense and build the tools of war and whatnot. They have to live. They have to have things that make it possible for them to continue. We call that defense supporting activities, and we consider that——

Mr. PATMAN. I haven't made myself plain, Mr. Secretary. Let us do a little wishful thinking and say that we don't have any defense need right now, that your agency is an operation like it has been in the past, and that you are not needed for defense purposes. Would

you still say that your agency is needed as a planning agency to make sure that all segments of the economy go along evenly together; in other words, to make sure that we are not lacking in production of some things that are needed for the people?

Secretary WEEKS. You are assuming that all defense considerations are eliminated?

Mr. PATMAN. That is right.

Secretary WEEKS. No. Then I wouldn't feel that way.

Mr. PATMAN. Who will do that for our United States Government?

Secretary WEEKS. Under our system of free enterprise, if the people want to buy a given article and there isn't enough being produced——

Mr. PATMAN. I know. I am talking about who is looking after the 160 million people. Somebody ought to be on the alert for this Government of ours to make sure that they are going to be taken care of without reference to defense. In other words, if they need so much cement.

Secretary WEEKS. To make sure they have enough toothbrushes, for example? That industry is producing enough toothbrushes?

Mr. PATMAN. That is minimizing what I am trying to say at least. I am talking about enough cement to build all the highways and streets and for other purposes, and enough steel for all purposes. Who is going to be on the alert for the people of the United States to make sure that these people are encouraged to stimulate production sufficiently they will always have enough?

Secretary WEEKS. I have been in the manufacturing business most of my life, and if I make cement or any other product that I know I can sell, I am certainly going to double my capacity. I think the people should do those things for themselves. I think they can do it a lot better than the Government.

Mr. PATMAN. I know, but who is going to think about all the people, not thinking about themselves? Of course we all think about ourselves, and if we see—but who is going to think about it from the standpoint of all the people and make sure somebody is on the alert and taking care of their needs for the basic things they will need, like steel, cement, copper, aluminum, and things like that?

Secretary WEEKS. If I understand your question, sir, I don't think that is a function of Government.

Mr. PATMAN. You don't think it is a function of Government? In other words, just people who are interested in something for a profit motive only will have to take care of all the people?

Secretary WEEKS. I didn't say that.

Mr. PATMAN. I thought you inferred it, Mr. Secretary.

Secretary WEEKS. I don't think it is a function of Government to see that enough toothbrushes and enough shaving brushes and shaving soap and all the other things people use are available.

Mr. PATMAN. I didn't mention that at all. I said the basic things like steel, copper, aluminum, housing, and things like that, the basic things that we must have in order to have a happy and contented people.

Secretary WEEKS. If we produce a million tons of steel, capacity this year, and in 10 years we need, due to the growth of population—

this is all peacetime—we need 150 million tons, I go on the assumption that under our free enterprise system that industry will expand.

Mr. PATMAN. The profit motive will be the urge, is that your understanding?

Secretary WEEKS. Yes, sir. I think the profit motive is what has made this country what it is.

Mr. PATMAN. I see a weakness in our Government somewhere. Somebody like the Department of Commerce ought to be on the alert, at least looking over the entire Nation and seeing about the needs of the people and to make sure that somebody was encouraged to believe that something is lacking and should be made up.

The CHAIRMAN. Mr. Secretary, if it was disclosed that the exportation of scrap would so reduce the supply or raise the price of scrap that it would jeopardize the production of scrap by putting out of the competitive field the small steelmakers of the United States, wouldn't you take action immediately to rectify that?

Secretary WEEKS. Yes, sir; if I understand your question. We are authorized under the Export Control Act to withhold export licenses for five reasons: strategic purposes, foreign policy purposes, defense purposes, short supply purposes, and to guard against the inflationary effect of excessive foreign demand, and we have plenty of reason on the statute books to withhold licenses, and if any such situation as I understand you to describe came about, I think we should have to do something.

The CHAIRMAN. Wouldn't that affect our national security, our national economy?

Secretary WEEKS. Yes, sir. That would come under the short supply or inflationary effect of excessive foreign demand.

The CHAIRMAN. Do you think you would have ample power to handle that situation if you thought that contingency would occur?

Secretary WEEKS. I think today under the Export Control Act, which I hope will be renewed, that we have the power to do that, sir.

The CHAIRMAN. There was some expression of doubt about the power. You feel that you have the power if that result would accrue?

Secretary WEEKS. I am sure the power is there. We naturally have to justify the exercise of it, and we do that in our quarterly reports to Congress on the administration of the act.

The CHAIRMAN. Wouldn't the very fact that it would result in a decrease in the production of steel, or would jeopardize the continued operation of small steel plants, wouldn't that effect justify the exercise of the power?

Secretary WEEKS. Yes, sir.

The CHAIRMAN. I may say that you and Dr. Flemming agree that you both want this bill, this act, continued and extended without amendment?

Secretary WEEKS. Yes, sir.

The CHAIRMAN. Well, if there are no further questions——

Mr. MULTER. Mr. Chairman, just one matter vey briefly, if you would, please.

The CHAIRMAN. We have to go before the Rules Committee in a little while.

Mr. MULTER. I will be very brief.

As suggested by Mr. Patman's questions a moment ago, does your Department of Commerce duplicate in any way the work that is being done by the Small Business Administration?

Secretary Weeks. No, no; we have been into that very carefully with the Small Business Administration. We work very closely together. We do a greater share of our operation for small business, naturally, but we have made every effort to avoid duplication. In fact, the Congress in the last renewal of the SBA directed that any duplication be eliminated.

Mr. Multer. In other words, the advice which the Department of Commerce formerly gave to businessmen so far as small business at least is concerned, goes out of the Small Business Administration?

Secretary Weeks. The advice——

Mr. Multer. The Small Business Administration, by the law which set it up, is authorized and directed to aid small business in getting improvement of techniques in operation, management operation, and so forth. It is my impression the Department of Commerce at one time rendered that kind of service insofar as small business is concerned. Today your Department no longer does that?

Secretary Weeks. We still do it, certainly, but we have followed the directive laid down in the extension of the act last summer and had many conferences looking toward elimination of any possible duplication, and dovetailing of our operations, because we do great—well, I would say the greatest share of our effort is with small business than it is with large business.

Mr. Multer. How do you avoid the duplication?

Secretary Weeks. Well——

Mr. Multer. Do you continue to do the job?

Secretary Weeks. Small Business has the loan function. Small Business has the defense procurement function. If we are making a pamphlet on a certain aspect of business, it would be under our setup, distributed by both agencies, the Commerce Department and the SBA. We work together and try to avoid this duplication.

Mr. Multer. The SBA, by specific direction of the law, has the function of advising small business as to engineering problems, management problems, accounting problems, and general business problems. Is your Department also doing that?

Secretary Weeks. Yes.

Mr. Multer. To that extent there is still a duplication?

Secretary Weeks. We have a specific directive from Congress to eliminate duplication and that is what we have tried to do.

Mr. Multer. Thank you.

Mr. Patman. Do you have an advisory committee on cement, Mr. Weeks?

Secretary Weeks. On what?

Mr. Patman. On cement.

Secretary Weeks. In the BDSA?

Mr. Patman. Yes, sir.

Secretary Weeks. We may have an industry committee.

Mr. Patman. Are they listed in any of these statements that you put in the record last year? Are they listed by industries?

Mr. McCoy. Of the industry advisory committees?

Mr. Patman. Yes.

Mr. McCoy. I assume so, if you asked for and got a list.

Mr. Patman. Do you have one on steel, cement, and different things?

Mr. McCoy. You are talking about the WOC list or the industry committee list?

Mr. Patman. WOC list.

Mr. McCoy. I don't think there is a single person in there.

Mr. Patman. I would like to ask that they be listed according to the industry they are serving as advisers.

The Chairman. That may be incorporated in the record.

(The information follows:)

Industry officials employed without compensation in BDSA as of Mar. 14, 1956, listed by industry

Division and name	Position in BDSA	Company affiliation and position at time of duty
Aluminum and Magnesium Division:		
Macauley, Irving P	Director	Vice president, executive sales, Reynolds Metal Co., New York, N. Y.
Merliss, Frederick A	Deputy Director	General superintent, United Smelting & Aluminum Co., Inc., New Haven, Conn.
Sebastian, Robert L	Consultant	Retired, last with Defense Production Administration at GS-15.
Automotive Division: Jones, William J.	Director	Assistant general production manager, Chrysler Corp., Detroit, Mich.
Chemical and Rubber Division:		
Fowles, George A	do	Manager, plastic materials sales, B. F. Goodrich Chemical Co., Cleveland, Ohio.
Schlueter, Louis A	Adviser (chemical and rubber industry).	Member of staff, American Coke & Coal Chemicals, Washington, D. C.
Communications equipment Division: Williams, Robert E.	Director	Staff representative, Automatic Electric Co. Chicago, Ill.
Containers and packaging division: Reed, Richard Chester.	Deputy Director	Supervisor, packages and shipping division, the Texas Company of Port Arthur, Tex., New York, N. Y.
Copper Division: Seeley, Clarence W.	Director	District sales manager, Philadelphia territory, Seovill Manufacturing Co., Waterbury, Conn.
Electrical Equipment Division:		
Martin, Terry B	do	Standards engineer, Square D Co., Milwaukee, Wis.
Compter, George H	Consultant	Assistant to vice president and secretary, Ford Instrument Co., division of the Sperry Corp., Long Island City, N. Y.
Food Industries Division:		
Abbott, Edward	do	Assistant to vice president, Abbotts Dairies, Inc., Philadelphia, Pa.
Vuekel, Carl M	do	Retired.
Forest Products Division:		
Daniels, Ernest W	do	Director of sales, Harbor Plywood Corp., Hoquiam, Wash.
Ware, Joel B	do	Sales representative, Great Northern Paper Co., Chicago, Ill.
General Components Division: Halderman, Lawrence J.	Director	Branch manager, Timken Roller Bearing Co., Los Angeles, Calif.
General Industrial Equipment Division: Stuart, Charles M.	do	Assistant to executive vice president, Carrier Corp., Syracuse, N. Y.
Iron and Steel Division:		
Burley, John V	do	Assistant general manager of sales, Republic Steel Corp., Cleveland, Ohio.
Bailey, Frank R	Adviser (nickel)	Manager, special activities, International Nickel Co., Inc., New York, N. Y.
Claussen, John A	Consultant	Secretary, pig iron division, American Iron & Steel Institute, New York, N. Y.
Gibbs, Lewis T	Chief, Carbon and Alloy Semifinished Rail, Structural, Bars, Wire, and Forgings Branch.	Assistant manager, high strength steel sales, United States Steel Corp., Pittsburgh, Pa.
Krohn, Gilbert H	Chief, Stainless, Hi-Temp, Alloy, and Tool Steel Branch.	Sales representative. Babcock & Wilcox Co., tubular products division, Beaver Falls, Pa.

Industry officials employed without compensation in BDSA as of Mar. 14, 1956, listed by industry—Continued

Division and name	Position in BDSA	Company affiliation and position at time of duty
Iron and Steel Division—con.		
Martin, Roger H	Chief, Carbon and Alloy Flat-Rolled and Tubular Products Branch.	Assistant manager, tubular products, Jones & Laughlin Steel Corp., Pittsburgh, Pa.
Moore, Thomas J., Jr	Consultant	Director of purchases, LaSalle Steel Co., Chicago, Ill.
Reid, James F., Sr	do	Production manager, the Timken Roller Bearing Co., Canton, Ohio.
Sandston, William L	Chief, Business Research and Analysis Branch.	Economic analyst, Armco Steel Corp., Middletown, Ohio.
Sauers, Marguerite M	Consultaut	Executive assistant, General Refractories Co., Baltimore, Md.
Waindle, Roger F	Chief, Castings Brauch	Vice president, Consolidated Foundries & Manufacturing Co., Boston, Mass.
Metalworking Equipment Division:		
Crosby, Joseph P	Director	Vice president, Lapointe Machine Tool Co., Hudsou, Mass.
Liekey, Edward F	Consultant	Retired.
Power Equipment Division:		
Denney,[1] Courtlaudt F	Director	Executive assistant to vice president, Foster Wheeler Corp., New York, N. Y.
Dueringer, Wilbur F	do	Engineer in charge of sales of steam turbines, Allis-Chalmers Manufacturing Co., Milwaukee, Wis.
Scientific, Motion Picture, and Photographic Products Division: Van Rensselaer, Cortlandt.	Deputy director	Assistant sales manager, Hewlett-Packard Co., Palo Alto, Calif.
Shipbuilding, Railroad, Ordnance, and Aircraft Division: Pommer, Clifford G.	Director	Manager, marketing, Schenectady aeronautic and ordnance systems department, General Electric Co., Schenectady 5, N. Y.
Water and Sewerage Industry and Utilities Division:		
Bower,[1] Harry F	do	Sales promotion manager, James B. Clow & Sons, Chicago, Ill.
Frazza, Louis F	do	Manager, direct sales, pipe division, Johns-Mansville Sales Corp., New York, N. Y.

[1] Termination in process. Will be reappointed as consultant.

The CHAIRMAN. If there are no further questions——

Mr. MCDONOUGH. Mr. Chairman.

The CHAIRMAN. Mr. McDonough.

Mr. MCDONOUGH. Pursuing the discussion between you and Mr. Patman on the question of stimulating industries, Mr. Patman, do you believe that Government should do anything about surpluses, where they are in excess?

Mr. PATMAN. Yes; I think they should, like the surplus cotton and wheat.

The CHAIRMAN. It is getting too late in the day to get into an argument between members.

Mr. MCDONOUGH. There should be a Government control on surplus?

Mr. PATMAN. We have Mr. Benson's controls now.

The CHAIRMAN. Let's address the questions to the witness.

If there are no further questions, I would like to adjourn.

Mr. MCDONOUGH. That is all.

The CHAIRMAN. If there are no further questions, the committee will adjourn.

We are glad to have your views, Mr. Weeks.

Secretary WEEKS. Thank you, sir.

The CHAIRMAN. The American Bankers Association wanted its statement in the record, and Mr. Celler wants certain statements in. Without objection, they will be inserted.

(The statements referred to above are as follows:)

THE AMERICAN BANKERS ASSOCIATION,
Washington 5, D. C., March 12, 1956.

Hon. BRENT SPENCE,
Chairman, House Committee on Banking and Currency,
House of Representatives, Washington 25, D. C.

DEAR MR. SPENCE: I have been informed that your Committee on Banking and Currency intends to hold hearings on H. R. 9852, which in effect would extend the provisions of the Defense Production Act of 1950, as amended. On behalf of the American Bankers Association, I would like to submit this statement urging the extension as proposed of section 301 of the act, which is of unusual importance to the banking system and of great value to the Government procurement agencies.

Section 301 of the act, as amended, in effect provides that the President, in order to expedite production and deliveries or services under Government contracts, may authorize certain agencies of the United States to guarantee, in whole or in part, any public or private financing institution against loss of principal or interest on loans made in connection with such contracts.

Under this authorization there was reactivated in 1950 the V-loan program which proved to be so successful during World War II. This program makes available through private financing institutions adequate funds needed by prime contractors and subcontractors, both large and small, in order to finance the performance of Government procurement contracts. From July 1950 through December 31, 1955, the Department of Defense, alone, authorized 1,395 loans in the amount of $2,467,600,000, of which $1,998,900,000 was guaranteed. As of December 31, 1955, the amount outstanding on these loans was $451,900,000, of which $337,300,000 was guaranteed. During the period aforementioned, the Department of Defense has received as guaranty and commitment fees and interest the sum of $22,827,326.96. Its expenses for that period amounted to $2,516,586.92. This would leave a net income of $20,310,740.04, which appears to be more than adequate to offset any possible losses and to cover expenses. The program, therefore, aside from the benefits derived from shifting the details of such financing to private lending institutions, would appear to be successful from a financial standpoint for the Department of Defense.

The V-loan program is important to the national security procurement program, and it is our belief that its continuance is necessary. We urge, therefore, the favorable consideration of the proposed extension of section 301 of the Defense Production Act of 1950, as amended.

Sincerely yours,

J. OLNEY BROTT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, D. C., March 16, 1956.

Hon. BRENT SPENCE,
Chairman, Committee on Banking and Currency,
House of Representatives, Washington, D. C.

DEAR BRENT: Your committee is presently holding hearings on H. R. 9852 which would extend the provisions of the Defense Production Act of 1950 for another 2 years. I would like to offer for the consideration of your committee two amendments to the Defense Production Act which would, I believe, remedy certain deficiencies in this legislation.

As you know, the Antitrust Subcommittee of the House Committee on the Judiciary has been engaged in an extensive investigation of WOC's and advisory groups utilized by the Government. In this investigation our subcommittee has compiled evidence demonstrating significant abuses in the WOC program authorized by the Defense Production Act.

Our investigation indicates that WOC's appointed pursuant to the Defense Production Act, particularly in the Department of Commerce, have been appointed to and are occupying policymaking positions. This has been continued

despite the fact that in the 1955 amendments to the Defense Production Act Congress intended that WOC's should not be in a position to make policy decisions. One of the changes in the Defense Production Act which I submit for your consideration would amend section 710 (b) (3) to prohibit such appointments.

The other amendment I want to call to your attention for the consideration of your committee involves, in my view, an unnecessary exemption from the conflict of interest statutes granted in the Defense Production Act. I do not believe there is a real necessity for providing WOC's with any exemption from the conflict of interest statutes. Inasmuch as the conflict of interest statutes are lacking in clarity, however, I recognize it may be appropriate to grant a limited exemption in order to provide for the continuation of normal salaries as an assurance to businessmen who have been requested to assist the Government.

By failing to restrict adequately the exemption from the conflict of interest statutes as to activities which otherwise would be unlawful, the 1955 amendments to the Defense Production Act, and prior thereto the provisions of Executive Order 10182, as amended, have given WOC's the unusual freedom to work for their companies on their companies' Government business. Our investigation has demonstrated that this has provided an open door for abuse. The amendment I offer for your consideration would close this loophole.

Submitted herewith is a statement containing the specific amendments to the Defense Production Act which I offer, together with reasons I believe such amendments are necessary. I would appreciate your incorporating this statement in your record on H. R. 9852.

Sincerely yours,

EMANUEL CELLER, *Chairman.*

STATEMENT OF HON. EMANUEL CELLER, CHAIRMAN OF THE COMMITTEE ON THE JUDICIARY, HOUSE OF REPRESENTATIVES

Mr. Chairman and members of the subcommittee, I appreciate your courtesy and cooperation in permitting me to discuss H. R. 9852, which would extend for another 2 years the provisions of the Defense Production Act. My remarks are directed to the standards established in section 710 of the act, relating to personnel employed by the Government without compensation, popularly called WOC's..

The Antitrust Subcommittee of the House Judiciary Committee, prior to the 1955 amendments to the Defense Production Act, under my chairmanship, had instituted an investigation of WOC's and advisory groups utilized by the Government. The subcommittee has conducted extensive hearings into these matters and has compiled evidence demonstrating significant abuses in the WOC program by administrative officials and numerous examples of untoward conduct on the part of individual WOC's.

I would like to suggest for consideration of this committee amendments to the Defense Production Act which would go far to prevent some of the abuses which have been brought to our attention.

First, I want to make it clear that I recognize that Government agencies should be permitted to obtain the services of the best talents available to cope with the problems of the executive branch. This includes the services of WOC's at times other than during periods of full mobilization.

I do not believe, however, that WOC's should be appointed to policy-making positions in the Government in a partial mobilization program of indefinite duration of the type this country is now undertaking. In an active emergency, necessity for prompt, effective action may override all other considerations and require appointment of WOC's

to such positions. Such justification, however, is not present in the current defense program.

In the 1955 amendments to the Defense Production Act, Congress continued the authority granted to the President to appoint WOC's to operating and policymaking positions. This authority is contained in section 710 (b) (2) (ii) as follows:

> Appointments to positions other than advisory or consultative may be made under this authority only when the requirements of the position are such that the incumbent must personally possess outstanding experience and ability not obtainable on a full-time, salaried basis.

Although a WOC may be appointed under this authority to a policymaking position, when a policy matter is involved the WOC cannot perform the responsibilities of his office because section 710 (b) (3) requires:

> Appointees under this subsection (b) shall, when policy matters are involved, be limited to advising appropriate full-time salaried Government officials who are responsible for making policy decisions.

It is clear that in the 1955 amendments Congress intended WOC's should not be in a position to make policy decisions. The provisions of the statute quoted above, however, are contradictory. Inasmuch as the President, in Executive Order 10647, did not resolve this ambiguity, I believe it is incumbent upon Congress to clarify this matter.

During the Antitrust Subcommittee's investigation, Philip Young, Chairman of the Civil Service Commission, assured our committee that any ambiguity in these provisions would be resolved by an Executive order which would limit a WOC's appointment to "a full-time operating job, without policy functions." Unfortunately, administration officials could not agree on a method to cope with this matter when they promulgated Executive Order 10647. Assistant Attorney General Stanley Barnes testified that officials in the executive branch had worked hard to resolve the contradiction in the statute but had been unable to do so. He said:

> We have spent hours on this. We went to the Civil Service Commission and asked them to tell us what is a policy decision—what officials make policy decisions. They said that anybody under Schedule C is in a policy-determination position and that only those in Schedule C are in a policy-determining position. That doesn't make sense to me. I don't think that you can draw and compartmentalize a problem like that. And that is why we haven't tried to precisely resolve this very difficult problem.

Our investigation demonstrates that WOC's appointed pursuant to the Defense Production Act, particularly in the Department of Commerce, have been appointed to and are occupying policymaking positions. In the Business and Defense Services Administration WOC's have been appointed as assistant administrators and as directors of BDSA's industry divisions. No method has been devised, nor is apparent, by which policy matters arising in the exercise of the responsibilities required by these positions can be segregated from the nonpolicy responsibilities of such positions. Nevertheless, section 710 (b) in its present form requires such segregation.

In my view the only way to resolve this problem is to amend section 710 (b) in a manner either to restrict WOC appointments to advisory functions only, or to operating positions without policy functions.

This can be achieved, I believe, by striking out section 710 (b) (3) and inserting in lieu thereof the following:

Appointments under this subsection (b) shall not be made to the position of director or assistant director, head or assistant head, of a bureau division, section, or other comparable policymaking or administrative positions; any person appointed under this subsection shall not perform the functions of such a director, assistant director, head or assistant head.

This amendment assures that WOC's are not appointed to policymaking positions. To the greatest extent possible, it would also assure that WOC's are confined to advisory and consultative roles while working for the Government. This amendment, moreover, would eliminate a situation which has placed WOC's in situations involving conflicts of interest, abuse of Government position, and favoritism.

When a WOC is appointed to head a division of the Government, exercising control over, or dealing with, the industry from which he comes, his private interests necessarily conflict with the Government responsibilities he has been assigned. In fact, in the Department of Commerce, company interest in the activities of an industry division is one of the reasons officials of the Business and Defense Services Administration recommend that business furnish WOC's to the Government. For example, Mr. Honeywell, Administrator of BDSA, customarily advises advisory groups sponsored by BDSA that "WOC's do much to see that industry's point of view is properly understood and advanced" and that "by furnishing capable men to serve as WOC's * * * industry is assured of having an adequate voice in drafting control measures that may have to be invoked in case of emergency."

The normal defense activities of the WOC director of a BDSA industry division involve supervision of his division's activities in authorized control material orders, priorities, and directives. His defense duties in addition involve the preparation of standby orders for mobilization, supervision over the division preparing recommendations on tax amortization and loan applications, and determination of expansion goals necessary to meet mobilization requirements. His Government responsibilities also include the development of specific measures to be used in postattack programs, including plans for dispersion, transfer of production to undamaged facilities, and the development of duplicate sources of supply. All of these responsibilities require the WOC division director to take action directly affecting his company and its competitors.

When this country was engaged in the all-out effort in World War II, the War Production Board categorically resolved the question of the propriety of having as head of an industry division a WOC coming from the affected industry. The War Production Board, at the direction of its General Counsel, John Lord O'Brian, instituted the "branch and section chief policy" which prohibited the WOC, except in special circumstances, from occupying a position in which he would have to make decisions directly affecting his own company or its competitors.

The gravity of the problem presented when a WOC heads an industry division of the Government which deals with his industry was reflected during our hearings by Assistant Attorney General Stanley Barnes. Mr. Barnes said: "Any time a man from a particular industry is the head of an organization that makes decisions which affect

that industry, where he is making decisions that might affect that business, I think that presents grave problems as to whether or not it is in the public interest."

Our investigation into the administration of the tax amortization program affords cogent arguments in the support of the "branch section chief policy" utilized in World War II. The system whereby WOC's have headed industrial divisions which made recommendations for millions of dollars in tax amortization benefits, involving their own companies and their companies' competitors, deserves harsh criticism.

At all times conflicts of interest between the private occupation of the WOC and his Government responsibilities were present in the consideration of certificates of necessity for new facilities in the industry which paid the WOC. This conflict of interest arose in several ways: (1) In formulating long-range administration goals on an industrywide basis, the WOC's recommendations appeared to have been influenced by fears of competitive repercussions of overexpansion; (2) WOC's with respect to applications of competitors have been in a position to advise adversely against projects which, from a competitor's standpoint, seem inadvisable but from the impartial viewpoint of the public interest would seem to be highly desirable; and (3) WOC's as heads of industry divisions were in a direct position to influence, and did influence, the tax-amortization certificates of their own companies. In addition, even though a WOC is disqualified from passing directly on applications from his own company, when this task is left to his subordinates, the subordinates' decisions undoubtedly are influenced to some extent by virtue of the fact that the applications involved have been submitted by the company of their immediate superior.

Our investigation has demonstrated that direction of the expansion programs by WOC's, undertaken in connection with the Defense Production Act, have resulted in mismanagement, discrimination, and serious errors in judgment. In certain industries, for example, in complete disregard for the regulations applicable to the granting of certificates of necessity and of the goals established, extensive overcertification occurred in favor of large companies who supplied WOC's to the Government. In other industries, concern for postemergency overexpansion and competition caused expansion goals to be limited and new production discouraged.

Whatever may be the justification for using WOC's to head industry divisions during full mobilization, such justification is not present in the current limited defense program. There is much greater danger in a limited mobilization program that the pressures of private interests may outweigh public responsibilities. Moreover, our investigation has demonstrated that WOC's as heads of these industry divisions have been carrying out peacetime functions of their agencies and have undertaken activities not authorized by the Defense Production Act.

CONFLICT OF INTEREST STATUTES

The Defense Production Act granted exemptions from the conflict of interest statutes to WOC's brought in to assist the Government. In neither World War I nor II, when WOC's also were used exten-

sively in the Government, was any exemption given from the conflict of interest statutes.

I do not believe there is a real necessity for providing WOC's with any exemption from the conflict of interest statutes. These statutes, however, are lacking in clarity, and, therefore, I recognize it may be appropriate to grant a limited exemption in order to provide for the continuation of normal salaries as an assurance to businessmen who have been requested to assist the Government.

As far as the official duties a WOC performs for the Government are concerned, exceptions to the exemptions from the conflict of interest statutes have for the most part negated this exemption. By failing to restrict the exemption from the conflict of interest statutes as to activities which otherwise would be unlawful under title 18, United States Code, section 281, however, the 1955 amendments to the Defense Production Act, and prior thereto the provisions of Executive Order 10182, as amended, have given WOC's the unusual and unnecessary freedom to work for their companies on their companies' Government business. This has provided an open door for abuse.

Essentially, section 281 of title 18, United States Code, forbids any Government official from receiving directly or indirectly any compensation for any services in relation to any matter in which the United States is interested. This is a standard imposed by the conflict of interest statutes on regular full-time employees of the Government. I see no necessity for treating WOC's who occupy full-time positions in the Government in a different manner.

Our investigation has disclosed that in BDSA, WOC's not only have been placed in positions of conflict and directed to advance industry's viewpoint, but arrangements have been made to permit the WOC's to continue their regular duties for their private employers. In some instances WOC's, while working for the Government, have discharged in full their normal private responsibilities and have devoted to their Government duties only the time otherwise available.

We have found that in both NPA and BDSA, WOC's have not devoted full time to their Government jobs although they have been appointed to full-time Government positions. On the contrary, WOC's have worked extensively for their private employers on matters involving the employers' business with various branches of the Government.

Duties WOC's continue for their companies during their Government service have included company affairs in their own and other Government agencies. In one instance while serving as a Government official, the WOC assisted his company in promoting its products in Government purchasing agencies. This WOC also worked with other Government agencies and their advisory groups in the development of Government specifications for products sold by his company, and transmitted to his company for comment unpublished specifications which were being developed.

In another instance the company required the WOC it was supplying to the Government to arrange visits of Government officials to company plants; to advise Government agencies of the company's position with respect to sales to the Government; to obtain information from various Government agencies as to the status of company contracts with the Government; to represent his company in problems

arising under existing Government contracts; and to obtain from other Government agencies specifications and documents relating to contracts and invitations to bid in which his company was interested. While this type of company service normally does not involve a direct conflict with the WOC's official Government duties, these situations afford an opportunity for "inside contacts" and favoritism as well as encouraging situations which involve potential conflicts.

Under the present law, WOC's appointed pursuant to the authority of the Defense Production Act while working for the Government may perform all services for their employers which are made unlawful by title 18, United States Code, section 281 except those services prohibited by section 710 (b) (4) of the act. In subsection (i), section 710 (b) (4) forbids a WOC to negotiate or execute Government contracts with his employer. Subsection (ii) prohibits a WOC from taking any action with respect to his employer's individual applications to the Government for relief or assistance; and subsection (iii) forbids a WOC from participating in the prosecution of any claims against the Government involving any matter in which he had any responsibility as a WOC.

Thus, a WOC throughout the Government can work on his employer's Government contracts as long as he does not negotiate or execute such contracts and while so doing has immunity from the prohibitions of section 281. Moreover, a WOC is permitted to serve his employer in any Government agency on any matter which is not his employer's individual application for relief or assistance. Finally, the WOC may participate in claims his employer has against the Government if he has not had any official responsibility as a WOC in the subject matter of the claim.

Exemption from the conflict of interest statutes in this situation opens the door for inside influence and favoritism. Moreover, such exemptions are not needed to permit a WOC to undertake his duties under the Defense Production Act. Throughout the mobilization program under the Defense Production Act, WOC's, in fact, have not had an exemption from the conflict of interest statutes for their official duties and responsibilities as officers of the Government. It appears that WOC's have received exemption only in relation to services performed for their private employers apart from their official duties as Government officials.

It is my view that exemptions from the conflict of interest statutes should be extremely limited. The special freedom WOC's now have, to range throughout the Government on their companies' business with the Government, would be sharply curtailed by removal of exemptions from the conflict of interest statutes. WOC's then would be subject to the same standards of behavior and conduct, while occupying full-time positions with the Government, as any other person who has professional allegiance to the Government as his employer.

The current procedure whereby exemption from the conflict of interest statutes is given generally and then is restricted by specific exceptions is fallible. I believe a better procedure would be to grant exemptions directly for those limited activities necessary to secure the performance of official Government duties. If your subcommittee concludes that some exemption from the conflict of interest statutes is needed as an assurance to businessmen on order to obtain their serv-

ices for the Government, I recommend that such exemption be granted in the following manner:

Strike all of section 710 (b) (4) from the act and insert in lieu thereof the following:

(4) Receipt of normal salary by any appointee under this subsection (b), in connection with such appointee's Government service hereunder, from the private employer of the appointee at the time of his appointment, shall not be a violation of the provisions of any law.

The CLERK. Mr. Chairman, also the United States Chamber of Commerce.

The CHAIRMAN. The United States Chamber of Commerce also wants to insert a statement. Without objection, they may be inserted.

(The statements follows:)

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington 6, D. C., March 13, 1956.

Hon. BRENT SPENCE,
Chairman, House Banking and Currency Committee,
House Office Building Washington 25, D. C.

DEAR Mr. SPENCE: The Chamber of Commerce of the United States recommends extension of the Defense Production Act, to June 30, 1958, as proposed in H. R. 9852 on which your committee is holding hearings.

Extension of this law is essential to national security because it provides the statutory basis for many current defense programs and most of the industrial mobilization planning activities under the supervision of the Office of Defense Mobilization.

These programs and activities include:

1. The use of various incentives, such as rapid tax amortization and purchase commitments, to expand productive capacity and supply needed for the mobilization base.

2. Priorities and allocations, with respect to materials in short supply that are essential to the national defense and atomic energy programs.

3. Antitrust exemptions granted certain voluntary producer agreements involving military items only.

4. Development of an executive reserve of industrialists who agree in advance to accept key Government positions in the event of an emergency.

These and many other programs too numerous to mention illustrate why extension of the Defense Production Act is so important.

We would appreciate your making this letter a part of the hearings on H. R. 9852.

Cordially yours,

CLARENCE R. MILES.

(Whereupon, at 12:25 p. m., the committee adjourned to the call of the Chair.)

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LEGISLATIVE HISTORY

Public Law 632
H.R. 9852

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INDEX AND SUMMARY OF H. R. 9852

Mar. 8, 1956	Rep. Spence introduced H. R. 9852 which was referred to House Banking and Currency Committee. Print of bill as introduced.
Mar. 9, 1956	Sen. Fulbright introduced S. 3407 which was referred to the Senate Banking and Currency Committee. Print of bill as introduced.
Mar. 20, 1956	Committee ordered H. R. 9852 reported.
Mar. 29, 1956	House committee reported with amendment H. R. 9852. House Report No. 1983. Print of bill and report.
May 31, 1956	House passed H. R. 9852 with amendments.
June 4, 1956	Senate committee ordered S. 3407 reported with amendments. H. R. 9852 was referred to Senate Banking and Currency Committee. Print of bill as referred.
June 14, 1956	Senate committee reported H. R. 9852 with amendments. Senate Report No. 2237. Print of bill and report.
June 22, 1956	Senate passed H. R. 9852 with amendments.
June 25, 1956	House and Senate conferees were appointed on H. R. 9852.
June 26, 1956	House received the conference report on H. R. 9852. House Report No. 2486. Print of conference report.
June 27, 1956	Senate agreed to the conference report.
June 28, 1956	House agreed to the conference report on H. R. 9852.
June 29, 1956	Approved: Public Law 632, 84th Cong.

Hearings: House Banking and Currency Committee on H. R. 9852. March 13 and 14, 1956.

Senate Banking and Currency Committee on S. 3407. April 23 and 25, 1956.

DIGEST OF PUBLIC LAW 632

AMENDMENTS TO DEFENSE PRODUCTION ACT. Continues this Act from June 30, 1956, to June 30, 1958. Provides that Government agencies, in connection with construction and procurement, shall apply the principle of geographical dispersal of such facilities in the interest of national defense, when practicable and consistent with existing law and the desirability of maintaining a sound economy.

H. R. 9852

A BILL

84TH CONGRESS
2D SESSION

H. R. 9852

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1956

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

84TH CONGRESS
2D SESSION

H. R. 9852

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

By Mr. SPENCE

MARCH 8, 1956

Referred to the Committee on Banking and Currency

S. 3407

A BILL

84TH CONGRESS
2D SESSION

S. 3407

IN THE SENATE OF THE UNITED STATES

MARCH 9 (legislative day, MARCH 6), 1956

Mr. FULBRIGHT (by request) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

84TH CONGRESS
2D SESSION

S. 3407

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

By Mr. FULBRIGHT

MARCH 9 (legislative day, MARCH 6), 1956

Read twice and referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 21, 1956
For actions of March 20, 1956
84th-2nd, No. 49

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HIGHLIGHTS: Senate sent to conference bill to exempt farmers from excise tax on gasoline used on farm. House commenced debate on second supplemental appropriation bill for 1956. House received from President appropriation estimates for 1957 mutual security program.

HOUSE

1. APPROPRIATIONS. Commenced debate on H. R. 10004, the second supplemental appropriation bill for 1956. p. 4599

2. SCHOOL MILK; BRUCELLOSIS ERADICATION. Reps. Byrnes and Laird criticized the conference report on H. R. 8320, to extend the school milk and brucellosis eradication programs to the end of this fiscal year; while Reps. Abernethy and Multer expressed satisfaction with the conference report as fulfilling the objective set forth in the proposal. p. 4593

3. FOREIGN AID. Received from the President appropriation estimates for 1957 in the amount of $4,859,975,000 for the mutual security program (H. Doc. 360); to the Appropriations Committee. p. 4633

4. PERSONNEL. Received from the Commerce Department draft legislation "to authorize the establishment of eight positions for specially qualified scientific and professional personnel in the Department of Commerce with rates of compensation not to exceed the maximum rate payable, pursuant to Public Law 313, 80th Congress;" to the Post Office and Civil Service Committee. p. 4634

5. DEFENSE PRODUCTION. The Banking and Currency Committee ordered reported H. R. 9852, to extend the provisions of the Defense Production Act of 1950. p. D263

6. FOOD. The Judiciary Committee, in executive session, tabled H. Con. Res. 204, to provide for the commemoration of the 50th anniversary of the Food and Drug Act. p. D264

7. LEGISLATIVE PROGRAM. The "Daily Digest" states that on Wed., Mar. 21, H. R. 10004, the second supplemental appropriation bill for 1956, and the conference report on H. R. 8320, to extend the school milk and brucellosis eradication programs to the end of this fiscal year, will be considered. p. D262

SENATE

8. TAXATION. Senate conferees were appointed on H. R. 8780, to exempt farmers from the Federal excise tax on gasoline used on the farm. p. 4540 (House conferees were appointed March 19.)

Sen. Humphrey inserted a National Council of Farmer Cooperatives resolution favoring a clarification of the taxable status of co-op patrons who receive refunds, opposing withholding tax for patrons receiving co-op refunds, and favoring legislation to eliminate double taxation on members and patrons of co-ops. p. 4536

9. NATURAL RESOURCES. Sen. Neuberger criticized the natural resource and public power policies of Secretary McKay, and inserted a letter he had written to a newspaper criticizing the Secretary, including references to the Al Sarena forestry case. p. 4541

ITEMS IN APPENDIX

10. ACREAGE ALLOTMENTS. Sen. Martin inserted a newspaper editorial describing the planting of various crops in the Delaware Valley and the indicated acreage allotments for such crops. p. A2458

11. COTTON. Extension of remarks of Rep. Elliott stating that the reduction in Alabama's cotton acreage for 1956 is creating hardships for many farmers and inserting an Alabama Legislature resolution concerning the cotton-allotment and outlining the serious plight of Alabama's cotton farmers. p. A2458

12. ELECTRIFICATION. Sen. Kefauver inserted excerpts from a speech by Clyde T. Ellis, Nat'l Rural Electric Cooperative Ass'n, "Freedom and Abundance Are The American Way." p. A2465

13. STATEHOOD. Del. Bartlett inserted a newspaper editorial objecting to so-called organized opposition each time a proposed Alaska statehood bill comes up before Congress. p. A2468

Del. Bartlett inserted a newspaper editorial favoring the proposed draft of a State constitution for Alaska. p. A2483

14. CONSERVATION. Extension of remarks of Rep. Avery paying tribute to the late Col. Henry J. Weltmer, and to the outstanding program of soil conservation which he helped foster and inserting a summarization of basic conservation plans. p. A2463

15. WATER RIGHTS. Rep. Burdick inserted a No. Dak. State Water Conservation Commission resolution urging Congressional recognition of States' rights in and to the waters of streams and natural water courses. p. A2494

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 30, 1956
For actions of March 29, 1956
84th-2nd, No. 56

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HIGHLIGHTS: Conferees reached agreement on several provisions of farm bill. House committee reported bill to regulate orange coloring. House committee reported bill extending defense production act.

HOUSE

1. FARM PROGRAM. The "Daily Digest" states: "Conferees continued in executive session to resolve the differences between the Senate and House-passed versions of H. R. 12, Agricultural Act of 1956. Agreements reached today would (1) delete the section providing for survey of meat grading systems and (2) accept the Senate provisions for the two-price plan for wheat, with certain modifications.

"In an evening session on Wednesday, March 28, the conferees agreed (1) to strike from the bill section 602, price reporting of forest products, (2) to House provisions for appointment of a surplus disposal administrator, and (3) to Senate section providing for payment of ocean freight on commodities shipped abroad for needy peoples.

"The conferees continued consideration of this matter in an evening session and will meet again tomorrow." p. D310

Rep. Hyde stated that high rigid price supports would tend to encourage over planting and result in a deterioration of the land in some of the Western States now faced with dust storms. p. 5240

2. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendment H. R. 9852, to extend the Defense Production Act (H. Rept. 1983). p. 5254

3. FRUIT. The Interstate and Foreign Commerce Committee reported with amendment H. R. 7732, providing for the regulation of certain color additives in oranges (H. Rept. 1982). p. 5254

4. FOREIGN AFFAIRS. The Government Operations Committee issued a report, "U. S. Technical Assistance in Latin America" (H. Rept. 1985). p. 5254
Rep. Reader cited the importance of the technical assistance work in Latin America and discussed the benefits which might be derived from such a program. p. 5244.

5. ADJOURNED until Mon., Apr. 9. p. 5253

SENATE

6. TRANSPORTATION. Sen. Morse spoke on the serious effects of recurring shortages of boxcars, and criticized CCC policies prohibiting the shipment of grain in trucks. p. 5220

7. FARM PROGRAM. Sen. Morse inserted a Wall Street Journal article claiming considerable discontent of Minnesota farmers with the present farm program. p. 5219

8. FLOOD CONTROL. The Public Works Subcommittee on Flood Control and Rivers and Harbors concluded hearings on S. 3272, 3273, and 2853, bills authorizing construction of flood protection projects. p. D309

9. COMMITTEE ASSIGNMENTS. Sen. Symington was excused from further service as a member of the Public Works Committee and assigned to the Agriculture and Forestry Committee. p. 5190

10. TAXATION. Sen. Schoeppel reviewed the history of the Federal excise tax on the transportation of property, particularly the burdensome effect of the tax on the farmer. p. 5209

11. FORESTRY. Sen. Neuberger spoke in opposition to S. 3444, providing for the establishment of Federal-State Land Study Commissions to undertake studies and investigations of land ownership and submit recommendations for the disposal of Federal lands. p. 5196

12. WATER. Received a Mass. Legislature resolution urging legislation to revise and extend the Water Pollution Control Act. p. 5190

13. ADJOURNED until Mon., April 9. p. 5238

ITEMS IN APPENDIX

14. FARM PROGRAM. Rep. Dickersham inserted a constituent's letter urging the adoption of 90% of parity price supports. p. A2766
Rep. Bow inserted a magazine article outlining a farm program including features of disaster loans, credit extension, research, surplus disposal, and tariff protection. p. A2766

15. ELECTRIFICATION. Rep. Cannon inserted his statement and correspondence from the Comptroller General relative to the expansion of TVA facilities through the use of TVA revenues. p. A2766

16. POULTRY. Sen. Morse inserted the text of his statement urging Federal inspection of poultry. p. A2769

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1983

EXTENSION OF DEFENSE PRODUCTION ACT

MARCH 29, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 9852]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

At the end of the bill, insert the following new section:

> SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: "No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section."

GENERAL STATEMENT

The bill would extend the Defense Production Act of 1950, which otherwise will expire on June 30 of this year, for 2 additional years so that it would expire on June 30, 1958. It would make a corresponding extension in the authority to purchase strategic materials under section 303 of the act. The committee amendment, as explained more fully below, would extend certain requirements now applicable to without-compensation employees to persons being trained under the executive reserve program.

The maintenance of a strong and flexible defense program requires that current military and atomic-energy programs proceed without interruption and that a broad and diversified mobilization base be

established which will reflect new requirements resulting from changes in technology and strategy. The authorities provided in the Defense Production Act are essential to meet these objectives.

Priorities and Allocations

The priorities and allocations authority of title I of the act is of great importance to the procurement programs of the Department of Defense and the Atomic Energy Commission.

To maintain the necessary level of defense procurement without interruption during a period when the requirements of an expanding economy for materials and facilities are extremely high, it is necessary to insure a preference for delivery on defense orders.

The defense materials system, as operated by the Department of Commerce under a delegation made under the authority of the Defense Production Act, accomplishes that important purpose by requiring producers of basic forms and shapes of steel, copper, and aluminum to set aside certain percentages of their production for the filling of identified defense orders. These orders are given a preference in delivery which applies, not only to the basic materials in those set-asides, but also to other materials, such as nickels and to the various components entering into the production of the end item ordered.

This device also insures the equitable distribution of defense orders among the various producers of basic items and leaves to each producer of such materials a relative share of his production for supplying his customers in the civilian market.

Expansion of Productive Capacity and Supply

This authority found in title III of the act authorizes the use of various incentives to expand productive capacity and supply needed for the mobilization base. Of the 227 expansion goals established, objectives have been reached in over 150 cases and only 32 now remain open. It is recognized, of course, that maintenance of the mobilization base is not a static concept and that it must be adapted to meet changing conditions.

Section 301 of this title contains loan-guaranty provisions which are extensively used by the Department of Defense. Through December 31, 1955, guaranties aggregating $2 billion had been authorized by the Department of Defense under this section. The amount outstanding on that date on the loans covered by these guaranties was $452 millions, of which $337 million was guaranteed.

The lending and loan-guaranty authority provided in section 302 has not been extensively used, as much of the programed mobilization plant expansion has been financed by private capital with no Government assistance other than rapid tax amortization. It is of interest to note, however, that in keeping with powers to maintain, protect, or reconstruct the mobilization base, 7 loans totaling $13.9 million were made under section 302 authority in disaster areas following the hurricanes last fall for the reconstruction, rehabilitation, or replacement of mobilization base facilities.

Extensive use has been made of the procurement authority provided in section 303. As of the close of 1955, purchases aggregating $4 billion had been completed under this section, with another $2.8

billion remaining in process. The expansion of productive capacity and the supply of strategic and critical materials, together with our stockpiling activities, has substantially reduced the threat of wartime shortages of such materials for defense purposes.

Voluntary Agreements

The voluntary agreements authority of section 708 of the Defense Production Act provides a mobilization tool of great importance for current defense and for wartime use. It authorizes an exemption from the antitrust laws for private parties engaged in combined actions found to be in the public interest as contributing to the national defense.

Under this authority there are in force 23 agreements, 20 of them integration or production committees of the Department of Defense. Committees consisting of all contractors with the Department for a particular military end item are able, through the exchange of information, techniques, and processes, to develop production practices, standardized parts, and other devices for achieving a more efficient and uniform product with greater economy.

Executive Reserve Program

The Defense Production Act amendments of 1955 authorized a new executive reserve program under which each agency having mobilization responsibilities is authorized to set up and train a reserve of persons from private life and from government to fill executive positions in the Federal Government in time of mobilization. Under this program the agencies will select persons qualified to fill key positions and will secure their agreement, backed up by their employers, to be available for service in the event of mobilization. Reservists will be trained in the operations of the Government as well as in the various mobilization plans of importance to their wartime posts. The immediate availability of such a reserve will meet one of the most difficult problems of a rapid, full-scale mobilization.

Committee Amendment

The amendment adopted by the committee would apply to persons coming into the executive reserve program from private life the same requirements as apply to persons appointed without compensation under section 710 (b) of the act, to the extent such requirements are applicable. For example, such a person coming into the executive reserve program would be required to file the statement of financial interests which WOC's are required to file under section 710 (b) (6). While the committee recognizes that a trainee actually is not a Government official and so the usual oath of office would not be applicable in his case, nevertheless he should be required to take an oath appropriate to his status as a member of the executive reserve. This amendment will provide increased safeguards against conflicts between the governmental activities of these trainees and their private interests. By assuring that the trainee will comply with the requirements for appointment to the job for which he is being trained before the Government undertakes his training, it will also make for sound administration of the executive reserve program.

Changes in Existing Law

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

* * * * * * *

SEC. 303. PURCHASES AND COMMITMENTS TO PURCHASE

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond June 30, [1963] *1965*, as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of overseas supplies.

* * * * * * *

SEC. 717. (a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of June 30, [1956] *1958*.

MINORITY VIEWS

Introduction

We have voted to report H. R. 9852 to the House but only because it continues allocations, priorities, and other necessary aids to the defense-mobilization program.

The law should be extended for only 1 year

None can deny and all who have been asked readily concede that these are indeed perilously tense times.

No matter what the press releases may give as the reason therefor, the fact is that we have just dispatched to the Mediterranean Sea to join our Sixth Fleet some 1,800 United States marines.

Britain has announced she is ready to move planes and troops into the Middle East if the situation worsens and France has just suggested an arms embargo. Russia and her satellites, while indulging in smiles of peace, continue to stir up trouble by shipping arms, armaments, and technicians into troubled areas.

Since our public hearings were closed the President has announced the holding of long and important meetings of top secrecy with those entrusted to make and carry out our policies of national security.

The indecision of the executive departments and their professed complete lack of knowledge of matters of the highest importance demonstrate that in times like these we must be constantly alert. We can do our full duty only by requiring the heads of the executive departments to attend before our committee frequently and make full and proper disclosure of pertinent facts.

The one and only way we can be sure that this entire program will be reviewed again next year is to extend this law for not more than 1 year.

The 85th Congress, no matter what its complexion, should be required during its first session to examine this law in the light of the circumstances as they develop between now and then.

Standby controls

We are in fundamental disagreement with the decision of the President and his executive departments to refuse to suggest or request standby authority for the President to freeze prices, wages, and rents for a limited period in the event of a future, grave emergency.

What is particularly regrettable is that they seem to be oblivious to what happened in the past when failure to take legislative action promptly to provide necessary control authority has had disastrous inflationary consequences.

If our mistakes of the past have taught us anything at all about inflation, it is that controls must be imposed at the inception of an emergency, before normal economic relationships change and before a wild scramble for goods causes violent upsurges and distortions in the entire price structure.

Theoretically, Congress could take prompt action in an emergency to provide necessary control authority. Previous experience has shown how completely impossible that is practically. In both World War II and Korea, inflation had already made serious inroads by the time Congress completed action providing necessary control authority.

To prevent this from happening again, we feel that it is essential that H. R. 9852 contain appropriate standby authority to arm the President with power to freeze the economy for a short time, should a grave emergency occur, during which time Congress would have an opportunity to consider the entire matter.

Such a standby measure is, we think, essential insurance to protect future economic stability. Failure to take such action is to gamble needlessly with our future economic security.

Although direct controls are not needed now, a grave emergency could occur at any time which would require their imposition

We believe emphatically that direct controls over the economy are contrary to our free-enterprise system and should be imposed only in a serious emergency, where no other practicable alternative exists to stem inflation. Such controls are not needed now, even though we are in an emergency period and the cost of living is within a fraction of its all-time high.

This does not mean that the present economic climate will be an enduring one. There are ample signs and warning signals of impending change. Any worsening of the existing emergency will upset this equilibrium and immediately cause a wave of scare buying and hoarding. That means a new inflationary spiral. If not checked quickly, this inflation could have the most tragic consequences for the people of the country, particularly those who live on fixed incomes.

In the light of the present world situation, the occurrence of such an emergency is not an idle pipedream but a real possibility. In any one of a number of danger spots—in the Far East, in the Middle East, in fact, in any of many places in the world—Communist aggression could erupt without warning and set off a fuze that could wreck the economy.

With this potential but nevertheless real threat staring us in the face, it is sheer folly to adopt an ostrichlike attitude of hiding our heads in the sand, hoping thus that our troubles, now and forever, will just disappear into thin air.

Direct controls are necessary in time of crisis such as war because the normal laws of supply and demand are not effective regulators of prices in the market place. Owing to the needs of military production, the supply of goods available for civilian production is reduced sharply on the one hand, while money incomes are increased greatly on the other. There are thus created irresistible price pressures on a limited volume of goods, which if not stemmed by direct controls result in runaway inflation. In these circumstances, in brief, the demand is so great and the supply so limited, that principal reliance cannot be placed on normal laws of the market to hold down the price level.

Prompt action is required

When a grave emergency occurs immediate action is necessary to place controls over the entire economy while it is in relative balance. Otherwise, as indicated, consumers engage in a wild scramble for goods

to beat price rises and shortages, and businessmen pile up inventories in excess of their needs while increasing their prices in response to increased costs and demand for their goods. This is precisely what happened after the Korean invasion on June 25, 1950.

Immediately after the Korean invasion a wave of panic buying took place, induced by the fear that the war might spread, leading to higher prices and shortages. By the time that prices were frozen by the Office of Price Stabilization in January 1951 the spot market index had increased 47 percent, the wholesale price index 14 percent, and the cost of living 7 percent.

The failure to take prompt action immediately after Korea increased the cost of living by over $14 billion and pyramided defense costs by an enormous amount.

Delay in freezing the economy also has the result of causing innumerable inequities for some businessmen and windfalls for others. For those businessmen who do not prior to the freeze increase their prices commensurate with their cost increases, the imposition of controls causes a serious squeeze. For those who profited and advance their prices higher than justified, the freeze grants a windfall.

Another consequence of delay in imposing controls is to require either rollbacks for those who had raised their prices unjustifiably or increases across the board for everyone to the levels charged by the profiteers who had increased their prices the most. One of these alternatives is necessary if inequities and distortions are to be removed and a balanced price structure achieved.

Experience has demonstrated that Congress will not act with sufficient speed; prompt action can be obtained only by vesting standby authority in the President

It is entirely unrealistic to assume that Congress would take action on a resolution to freeze the economy within the time that is necessary. For one thing, groups representing varying viewpoints would probably request an opportunity to express their views on the resolution. For another, Members of Congress, especially those who oppose controls under any circumstances, would in all likelihood insist upon extended debate.

Equally important, once the emergency occurred, the very fact that proposed control authority was being considered by the Congress would itself act as an additional stimulus to price increases. That is because businessmen would raise their prices to the highest possible levels so as not to be caught in a disadvantageous price position if direct controls should be imposed.

Apart from this, the record shows conclusively that Congress will not act with the speed required. In World War II, for example, even though a control bill was introduced on August 1, 1941, final passage did not occur until January 30, 1942, almost 2 months after Pearl Harbor. Meanwhile the cost of living had increased over 6 percent.

After the Korean invasion, a control bill was introduced on July 19, 1950. Again almost 2 months elapsed before the bill became law on September 8. While Congress was deliberating, wholesale prices advanced almost 8 percent, and consumer prices were increasing at the rate of almost 1 percent a month.

The overriding considerations of public policy thus require vesting of standby authority in the President to take action for a limited

period of time during which the economy can be protected while Congress deliberates the ultimate course of action.

It is argued, however, that such a standby measure vests too much authority in the President. This argument implies a lack of confidence in the President. We do not believe that the President would misuse this authority but would impose controls only if, in accordance with the intent of Congress, an emergency should arise of such magnitude as to afford no other alternative. But if the President should in fact misuse this authority, the Congress could at any time rescind his action by a concurrent resolution.

A standby law is not inflationary

A further argument presented by those opposed to enactment of a standby measure is that the mere fact of its existence is in itself inflationary. The basis of this contention is that so long as standby authority remains in effect businessmen will keep their prices at the highest possible level so that they will not be caught with an unduly low price structure in the event of a freeze.

This position ignores the realities of the market place and the law of supply and demand as a price determinant. It is true, of course, that a businessman charges as high a price as the market will warrant. But if supply and demand, and competition, necessitates a lower price, the businessman will reduce his price accordingly. This he will do whether a standby measure is in effect or not for otherwise he could not survive.

The force of these considerations was demonstrated in 1952 when price controls were still in effect. Businessmen did not hesitate to reduce their selling prices below ceiling when market conditions so required even though legal authority existed for the Office of Price Stabilization to reduce ceilings to the level of the lower selling prices.

The administration's position is equivocal

We cannot but regret the ambiguous and equivocal position taken by the present administration on standby controls. We point out in this connection the 1953 testimony of Mr. Arthur S. Flemming who is Director of the Office of Defense Mobilization.

At that time Mr. Flemming expressed the hope that the Congress "will decide that in the event of an emergency situation, it could move rapidly enough in providing authority for a freeze to deal with the problem in an adequate manner." By "rapidly enough" he stated he meant "10 days." He further testified that if Congress should arrive at a contrary conclusion he "was authorized to state that a bill containing a provision granting authority to the President to impose a freeze on prices and wages would be acceptable." But as to whether or not Congress would in fact move rapidly enough in an emergency he would express no opinion whatsoever even after extended interrogation. That, he declared, was a matter for Congress to decide, which, if nothing else, is at least a statement of the obvious. The point is though that Congress in order to make the best decision possible should have the expert views of the persons who would have executive responsibility for administering proposed legislation.

It is unfortunate that the administration's present position, or, rather, lack of position, in regard to standby controls has not changed since 1953.

It remains utterly inconceivable to us that this administration should have no opinion about this matter. We can only conclude that the administration has a remarkable capacity for indecision. It is earnestly to be hoped that the economic planning for a future emergency which we are told is now taking place is not characterized by the same degree or kind of indecision.

We should add that we are in complete agreement with one phase of Mr. Flemming's 1953 testimony, when he stated that "in World War I, World War II, and the war in Korea we have been forced to learn a great deal about inflation and methods of combating it."

We agree also with his observation at that time that "failure to profit by these experiences would be unpardonable." But we question whether the administration, of which he is a key member, has learned to profit by these experiences.

We agree with Mr. Baruch that the time for action is now and that to wait and fiddle is wrong

In 1953 Mr. Bernard M. Baruch appeared before the Senate Banking and Currency Committee and in the most emphatic manner urged the adoption of standby controls. We believe that the eloquent testimony which he gave at that time, is as valid today as when it was delivered. He stated:

> To wait is to die. To wait is to make certain our mobilization will be needlessly slowed which means lengthening the struggle for victory and dooming some to lose their lives needlessly.
>
> One of two general courses of action is possible. The wise course is to act promptly before the economy is out of hand, to preserve as far as possible the equilibrium that existed prior to the emergency.
>
> This is the sound course of action. The other course is to wait and fiddle until the economy is out of control. Only then do you act. Your whole mobilization then becomes a wild chase of a dog after his own tail. You then have to chase the disruptions caused by the Government's failure to act in time in a frantic effort to recover the equilibrium which should never have been lost.
>
> The choice, in short, is between acting before serious harm is done and waiting until you are deep in trouble before acting. One course locks the stable door promptly. The other deliberately keeps the stable door open until the horse is stolen.
>
> To wait and fiddle is wrong morally as well as economically. When you invoke an across-the-economy ceiling at the outset of the emergency, your mobilization is set up on a sound moral base. Your very first action obviously treats all segments of the economy alike. None can claim that special favoritism is being shown to business or to labor or to agriculture or to any special interest.
>
> In contrast, under the wait-and-fiddle approach, you begin your mobilization by destroying your moral base. In letting the economy get out of hand before acting, you unavoidably permit some groups special advantage over others. Each segment of the economy is given a grievance with which to justify its own inflationary demands.

> The overall ceiling, being based upon the economic relationships that prevailed before the emergency, enables you to establish the principle that none shall profiteer from the emergency. If you allow that balance to be disrupted, you lose the moral ground for enforcing this principle. You are left with no standard but expedience with which to resist the clamorous demands of pressure groups.
>
> In brief, the policy of wait and fiddle has the effect of inviting every group to exploit the national peril for its own selfish advantage.
>
> If the Congress fails to enact an adequate standby mobilization law, whether you realize it or not, you will be putting a premium on selfishness. It is virtually impossible to invoke an overall ceiling properly, unless the power to act is on the statute books and at least the skeleton of the administering agency is in place before the emergency. Without this, the delay that will ensue makes it virtually certain that action will not come until the inflationary race is already underway and your whole mobilization under heavy handicap.

We agree entirely with those principles.

Incidentally, the Senate Banking and Currency Committee in the 80th Congress made similar suggestions which were ignored to the extreme detriment of our country.

Abraham J. Multer.
Hugh J. Addonizio.
William A. Barrett.
Thomas L. Ashley.
Elmer J. Holland.
James C. Healey.

INDIVIDUAL VIEWS OF HON. WRIGHT PATMAN

I am in agreement with the minority views expressed previously in this report insofar as they propose a 1-year extension of the Defense Production Act rather than a 2-year extension.

WRIGHT PATMAN.

INDIVIDUAL VIEWS OF HON. CHARLES A. VANIK

I cannot concur in the report on H. R. 9852 for the reason that the Defense Production Act extension should be limited to 1 year instead of for 2 years.

A reappraisal of the Defense Production Act is long overdue. The wide-scale economic effect of the activities of this important function should be carefully scrutinized. The administration of this law has gone far beyond its originally stated concepts. Defense mobilizing is used in our economy to "prop up" sagging conditions in various businesses and industries.

In the stockpiling of strategic metals, the emphasis seems to be on the establishment of a program of price supports for certain mining industries. The need for a price-support program for the development of a domestic metals industry may be justified, but that kind of activity should bear a proper label and should not be classified as "production for defense."

Although this legislation does not authorize the accelerated amortization program which is in the jurisdiction of the Ways and Means Committee, that committee is undoubtedly affected by the discretion of the Banking and Currency Committee relating to an extension of the Defense Production Act.

It is high time to calculate the cost of the accelerated amortization program and to determine whether there is a more efficient way to create productive facilities in the interests of national defense. Defense Mobilizer Flemming testified that tax certificates have already been granted to the extent of $18 billion or 60 percent of the cost of expanded facilities. In view of the fact that these certificates have been granted at a high-income period, it may be assumed that a good portion of the cost of this expansion would have otherwise flowed to Government as taxable income. Dr. Flemming stated he did not know whether it would have cost less for the Government to have collected the taxes due and paid for the expanded facilities on a direct contract basis.

The recent wide-scale grant of quick depreciation certificates for expansion of power facilities is certainly questionable. Most public utilities already operate on a cost-plus basis. The tax amortization certificates were granted in many cases where expansion would have been undertaken without them. The granting of these certificates constitutes a needless bonus to this large and powerful industry.

The use of price supports and "quickie" tax amortization to "prop up" segments of our industrial life over and beyond the requirements of national defense are in the nature of wonder drugs applied to an economy supposedly in good health. The repeated use of these wonder drugs on a healthy patient serves to establish a resistance which will make them ineffectual in a period of grave emergency.

It is therefore my hope that the Defense Production Act will be limited to a 1-year extension and completely reviewed by the next Congress.

CHARLES A. VANIK.

Union Calendar No. 712

84TH CONGRESS
2D SESSION

H. R. 9852

[Report No. 1983]

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 1956

Mr. SPENCE introduced the following bill; which was referred to the Committee on Banking and Currency

MARCH 29, 1956

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Insert the part printed in italic]

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: "No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section."

Union Calendar No. 712

84TH CONGRESS
2D SESSION

H. R. 9852

[Report No. 1983]

A BILL

To extend the Defense Production Act of 1950, as amended, and for other purposes.

By Mr. SPENCE

MARCH 8, 1956
Referred to the Committee on Banking and Currency
MARCH 29, 1956
Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

84TH CONGRESS
2D SESSION

H. R. 9852

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1956

Read twice and referred to the Committee on Banking and Currency

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: "No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section; this sentence shall not be construed as requiring any member of the executive reserve to file a statement of changes in interests in conformity with the last sentence of paragraph (6) of subsection (b)."

SEC. 4. Section 712 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of its resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an

interim report on the results of the investigation and study on or before July 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session)."

Passed the House of Representatives May 31, 1956.

Attest: RALPH R. ROBERTS,

Clerk.

84TH CONGRESS
2D SESSION

H. R. 9852

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

JUNE 4, 1956
Read twice and referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 1, 1956
For actions of May 31, 1956
84th-2nd, No. 90

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HIGHLIGHTS: House passed bill to extend Defense Production Act. House received conference report on Interior appropriation bill. House passed farm credit bill. Senate passed Commerce appropriation bill. Rep. Addir inserted Assistant Secretary Butz' Minneapolis speech.

SENATE

1. APPROPRIATIONS. Passed with amendments H. R. 10899, the Department of Commerce and related agencies appropriation bill for 1957 (pp. 8397, 8407, 8412). (For items relating to this Department see Digest 72.) Agreed to an amendment by Sen. Holland to allocate $650,000 for a national intercensal housing survey, including city, town, and rural areas (p. 8408). Conferees were appointed (p. 8422).

   Agreed to a unanimous consent request that the Appropriations Committee be permitted to file reports during the week-end adjournment. p. 8422

2. WATER RIGHTS. The Interior and Insular Affairs subcommittee ordered reported with amendments to the full committee S. 863, to govern the control, appropriation, use, and distribution of water. It was announced that the full committee will consider this bill on June 12. p. D551

3. PERSONNEL. The Judiciary Committee ordered reported S. 374, to provide for the extension and suspension in cases of statutes of limitation on false swearing by Government employees with respect to subversive activities and connections. p. D551

   The Post Office and Civil Service Committee ordered reported without amendment S. 3681, to modify certain restrictions with respect to holding more than one office in the Federal Government. p. D552

4. ELECTRIFICATION. Received from the Federal Power Commission copies of two of its publications, "Statistics of Electric Utilities in the U. S., 1954, Privately-Owned," and "Typical Electric Bills, Cities of 50,000 Population and More, Jan. 1, 1956." p. 8370

Sens. Neuberger and Goldwater discussed the pros and cons of constructing the Hells Canyon dam with public or private funds. p. 8376

5. VETERANS' BENEFITS. Sen. Langer inserted a magazine article criticizing the Bradley Commission report on veterans' benefits. p. 8374

6. DAIRYING. Sen. Thye discussed the promotion efforts of the dairy producers to increase the consumption of dairy products. p. 8376

7. FOOD AND DRUG; MEAT INSPECTION. Sen. Scott inserted a statement issued by the Gov. of N. C. commemorating the 50th anniversary of the Food and Drug and Meat Inspection Acts. p. 8377

8. POSTAL RATES. Sen. Scott inserted a Progressive Farmer editorial, "How Low Postal Rates Help Businessmen and Farmers." p. 8378

9. LEGISLATIVE PROGRAM. Acting Majority Leader Smathers announced that the following bills may be taken up Mon.: H.R. 9822, to establish a fish hatchery in the Pisgah National Forest, N.C.; and H.R. 3255, to amend the Classification Act to preserve the rates of compensation of certain officers and employees. p. 8422

10. ADJOURNED until Mon., June 4. p. 8425

HOUSE

11. APPROPRIATIONS. Received the conference report on H. R. 9390, the Interior Department and related agencies appropriation bill for 1957 (H. Rept. 2250) (pp. 8426, 8456). See attachment for actions on Forest Service items.

12. DEFENSE PRODUCTION. Passed with amendments H. R. 9852, to extend the provisions of the Defense Production Act of 1950, as amended, for two years (June 30, 1958), (p. 8428). The amendments agreed to, deleted a provision requiring members of the executive reserve to disclose periodically their holdings and provided for a study and recommendations by the Commerce Department on the nickel supply (p. 8432).

13. FARM CREDIT. Passed, 246 to 4, with amendments H. R. 10285, to merge production credit banks, to provide for retirement of Government capital in Federal intermediate credit banks, and to provide for supervision of production credit associations (p. 8434). The amendments agreed to, provided for a technical change in the printing of the bill and that no surplus of a bank, required by the Farm Credit Act of 1956, shall be distributed as patronage refunds or as dividends (p. 8444).

14. TAXATION. The conferees on H. R. 6143, to repeal the transportation tax on poultry and the tax on livestock sold on account of drought, received permission to file a conference report by Fri. midnight. p. 8447

TITLE I—DEPARTMENT OF THE INTERIOR

Research in the utilization of saline water

The conferees concur in the statement of the House report to the effect that the $50,000 reduction in the budget estimate is to apply to the item of administration and coordination.

Office of the Solicitor

Amendment No. 1: Appropriates $2,835,000 as proposed by the Senate instead of $2,800,000 as proposed by the House.

Office of Minerals Mobilization

Amendment No. 2: Appropriates $300,000 as proposed by the House instead of $225,000 as proposed by the Senate.

Bureau of Land Management

Amendment No. 3: Appropriates $18,369,300 for management of lands and resources instead of $18,000,000 as proposed by the House and $18,738,600 as proposed by the Senate.

Amendment No. 4: Permits the purchase of 31 passenger motor vehicles as proposed by the Senate, instead of 25 as proposed by the House.

Bureau of Indian Affairs

Amendment No. 5: Appropriates $50,720,000 for education and welfare services as proposed by the Senate, instead of $50,700,000 as proposed by the House.

Amendment No. 6: Appropriates $16,200,000 for resources management as proposed by the Senate, instead of $16,000,000 as proposed by the House.

Amendment No. 7: Appropriates $5,240,000 for construction, instead of $4,000,000 as proposed by the House, and $7,740,000 as proposed by the Senate. The conferees have approved the construction program as set forth in the justifications and recognize the need of future appropriations to cover the total costs.

Amendment No. 8: Reported in disagreement.

Amendment No. 9: Permits the purchase of 290 passenger motor vehicles as proposed by the Senate, instead of 270 as proposed by the House.

Geological Survey

Amendment No. 10: Reported in disagreement.

Amendment No. 11: Permits the purchase of 126 passenger motor vehicles as proposed by the Senate instead of 100 as proposed by the House.

Bureau of Mines

Amendment No. 12: Appropriates $15,862,750 for conservation and development of mineral resources, instead of $15,363,000 as proposed by the House, and $17,363,000 as proposed by the Senate. Funds for mining research at the oil shale plant, Rifle, Colorado, have been disallowed. Of the increase above the House figure, $100,000 is for laboratory research on oil shale and shale oil at Laramie, Wyoming.

National Park Service

Amendment No. 13: Appropriates $11,562,000 for management and protection as proposed by the Senate, instead of $11,480,000 as proposed by the House.

Amendment No. 14: Strikes out language proposed by the Senate which would have made the construction appropriation immediately available.

Amendment No. 15: Appropriates $15,250,000 for construction as proposed by the Senate, instead of $15,000,000 as proposed by the House.

Amendment No. 16: Reported in disagreement.

Amendment No. 17: Strikes out language proposed by the Senate which would have made the construction (liquidation of contract authorization) appropriation immediately available.

Amendment No. 18: Reported in disagreement.

Fish and Wildlife Service

Amendment No. 19: Appropriates $10,373,600 for management of resources as proposed by the Senate instead of $9,696,000 as proposed by the House.

Amendment No. 20: Appropriates $5,105,000 for investigations of resources as proposed by the Senate instead of $5,065,000 as proposed by the House.

Amendment No. 21: Appropriates $2,471,000 for construction as proposed by the Senate, instead of $2,200,000 as proposed by the House.

Amendment No. 22: Permits the purchase of 131 passenger motor vehicles as proposed by the Senate instead of 97 as proposed by the House.

General provisions, Department of the Interior

Amendment No. 23: Strikes out House language limiting funds for informational services.

TITLE II—RELATED AGENCIES

Department of Agriculture

Forest Service

Amendment No. 24: Appropriates $44,300,750 for national forest protection and management instead of $41,668,000 as proposed by the House and $46,063,500 as proposed by the Senate. Of the increase above the House figure, $250,000 is for soil and water management, and $620,000 is for reforestation.

Amendment No. 25: Appropriates $10,000,000 for forest research instead of $9,350,000 as proposed by the House and $10,650,000 as proposed by the Senate.

Amendment No. 26: Inserts a heading, as proposed by the Senate.

Amendments Nos. 27 and 28: Reported in disagreement.

Amendment No. 29: Appropriates $12,190,000 for state and private forestry cooperation instead of $11,385,000 as proposed by the House and $15,165,000 as proposed by the Senate. An increase of $495,000 above the House figure has been provided for cooperation in forest tree planting and $310,000 for cooperation in forest management and processing.

National Capital Planning Commission

Amendment No. 30: Appropriates $200,000 for salaries and expenses instead of $185,000 as proposed by the House and $210,000 as proposed by the Senate.

Amendments Nos. 31–34: Appropriate $1,250,000 for land acquisition as proposed by the House, instead of $1,500,000 as proposed by the Senate and provide for allocations as proposed by the House.

Amendment No. 35: Reported in disagreement.

Smithsonian Institution

Amendment No. 36: Appropriates $4,425,000 for salaries and expenses, Smithsonian Institution, as proposed by the Senate, instead of $4,400,000 as proposed by the House.

Amendment No. 37: Appropriates $1,505,000 for salaries and expenses, National Gallery of Art, as proposed by the Senate, instead of $1,495,000 as proposed by the House.

Woodrow Wilson Centennial Celebration Commission

Amendment No. 38: Appropriates $48,500 as proposed by the Senate.

MICHAEL J. KIRWAN,
W. F. NORRELL,
ALFRED D. SIEMINSKI,
DON MAGNUSON,
CLARENCE CANNON,
BEN F. JENSEN,
IVOR D. FENTON,
ERRETT P. SCRIVNER,
JOHN TABER,

Managers on the Part of the House.

COMMITTEE ON FOREIGN AFFAIRS

Mr. GORDON. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tomorrow in which to file a report on the bill (H. R. 10766) to authorize the payment of compensation for certain losses and damages caused by United States Armed Forces during World War II.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

(Mr. HOFFMAN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include a newspaper article and that his remarks be printed at the close of the legislative program today.)

TRAFFIC DEATHS

(Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. ROGERS of Massachusetts. Mr. Speaker, we are all horrified at the number of deaths on the highways. There is no doubt that death stalks the highways today, and it seems to me we do very little about it except talk. I am wondering if life has become cheap as it is in Russia. I have introduced a resolution which creates a select committee to report back to the Congress on methods and means that can be used to prevent such deaths. Other resolutions have been introduced, but little comes of them. A woman was killed outside of my house, and for over a year signs were put up authorizing 25 miles an hour as the speed limit, but they have paid no attention to it. It is just as bad as it was before. We celebrated Memorial Day and dedicated our lives to the protection of our soldiers and our country. It seems that the least we can do is to see that in peaceful pursuits and in business pursuits more people are protected and our children are safe.

The resolution referred to is as follows:

House Resolution 519

Whereas the Nation is witnessing a terrible increase in the number of traffic accidents occurring on its highways which must be abated: Therefore, be it

Resolved, That there is hereby created a select committee to be composed of 7 Members of the House of Representatives to be appointed by the Speaker, 1 of whom he shall designate as chairman. Any vacancy occurring in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to conduct a full and complete investigation and study to determine means which are feasible and necessary to promote maximum safety on the highways of the Nation.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its

investigation and study, together with such recommendations as it deems advisable.

For the purpose of carrying out this resolution the committee, or any subcommittee thereof authorized by the committee to hold hearings, is authorized to sit and act during the present Congress at such times and places within the United States, its Territories, and possessions, whether the House is in session, has recessed, or has adjourned, to hold such hearings, and to require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as it deems necessary. Subpenas may be issued under the signature of the chairman of the committee or any member of the committee designated by him, and may be served by any person designated by such chairman or member.

Mr. Speaker, the clergymen in Massachusetts are making constant statements of caution to prevent accidents on the highways, and also the press, but accidents and deaths continue.

The following are the statistics on highway deaths and injuries furnished by Department of Commerce, Bureau of Public Roads:

Deaths in 1955:

January	2,820
February	2,300
March	2,640
April	2,740
May	3,050
June	2,980
July	3,400
August	3,530
September	3,400
October	3,880
November	3,600
December	3,960
Total	38,300

Source of above figures: Public Safety, magazine published by the National Safety Council, June 1956 issue, page 32.

Injuries in 1955: Total on record for year 1955, 1,039,126.

(These figures include 32 States and the District of Columbia. Not broken down into months as some States do not report monthly figures, and only 32 States reporting.)

Source of above figures: Public Safety, May 1956 issue, page 36.

MILITARY PERSONNEL CLAIMS ACT OF 1945

Mr. FORRESTER. Mr. Speaker, I call up the conference report on the bill (H. R. 3996) to further amend the Military Personnel Claims Act of 1945, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of May 28, 1956.)

The SPEAKER pro tempore. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to print certain charts and tables in the remarks that were printed in the RECORD on last Tuesday. I neglected to ask permission at that time.

The SPEAKER pro tempore. Is there objection?

There was no objection.

RIVALRY IN THE MILITARY SERVICES

(Mr. SIKES asked and was granted permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, I do not share in the concern which has been expressed in many quarters about rivalry between the military services. I do not base this statement on conjecture or hearsay. The Defense Subcommittee on Appropriations, of which I am a member, has held hearings on this matter following disclosures of conflicting views in and out of the services. Those hearings have shown a healthy rivalry in new and important fields. America is developing new weapons and new techniques. Of these, none is more important than the field of guided missiles. There is serious doubt that America is ahead in this field. Yet, it is one race that we cannot afford to lose. The most dangerous thing to the peace of the world would be Soviet supremacy in the field of guided missiles. It is because of this fact that I am not disturbed by rivalry within the services for progress and prestige in the development of guided missiles and other new weapons and techniques. While I am convinced there is not serious overlapping, I could even condone a certain overlapping and duplication if it would help to insure that America will stay abreast and eventually surpass all other powers in these fields. We do not under any circumstances want military services whose leaders simply "go along" instead of fighting vigorously for their viewpoints and for the most rapid development of the weapons which may mean the difference between success or failure in future conflicts.

EXTENSION OF DEFENSE PRODUCTION ACT

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 505) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore. The gentleman from Indiana [Mr. MADDEN] is recognized for 1 hour.

(Mr. MADDEN asked and was granted permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I call up this resolution which makes in order consideration of the bill H. R. 9852, which is an extension of the Defense Production Act of 1950.

The resolution provides for an open rule and 1 hour of general debate on the bill.

H. R. 9852 as reported from the Committee on Banking and Currency with amendment, extends the Defense Production Act of 1950 for 2 additional years until June 30, 1958, and would make the same 2-year extension in the authority to purchase strategic materials under section 303 of the act.

The bill would continue the priorities and allocation authority which is important to the procurement programs of the Department of Defense and the Atomic Energy Commission. This is accomplished by requiring producers of steel, copper, and aluminum to set aside certain percentages of their production for the filling of defense orders which are given preference in delivery.

Authority for lending and loan guaranties to provide incentives to expand productive capacity are also continued by the extension of the act, as well as the procurement authority. Through these means the threat of wartime shortages of strategic and critical materials is reduced.

The committee amendment to the bill pertains to persons who are trained under the executive reserve program of the agencies having mobilization responsibilities, as set up in the Defense Production Act of 1955. It provides that these trainees will be required to file the same statement of financial interests as persons who serve in the Government without compensation.

The committee report complies with the Ramseyer rule and I urge the adoption of House Resolution 505 so the House may proceed to the consideration of H. R. 9852.

Mr. Speaker, I reserve the balance of my time, and I now yield 30 minutes to the gentleman from New York [Mr. KEATING].

Mr. KEATING. Mr. Speaker, there are no requests for time on this side. There is no objection to this bill. I yield back the remainder of my time.

Mr. MADDEN. Mr. Speaker, I yield 1 minute to the gentleman from Georgia [Mr. PRESTON].

Mr. PRESTON. Mr. Speaker, some 2 weeks ago I invited the attention of this House to the grave hardships being worked on our rural citizens by the closing of rural post offices and the curtailment of mail service. You may recall that I cited figures to demonstrate that the post-office closings in the name of economy save less than two-tenths of 1 percent of the Post Office budget. This minute saving is made at the expense of tremendous hardship on millions of American farm families.

Since my statement of 2 weeks ago, I have obtained certain official facts and figures that show this curtailment of rural mail service to be even more shocking than was apparent at that time.

Mr. Speaker, official figures reveal that in many instances the closing of rural post offices did not result in any saving whatever, but instead caused sizable increases in the cost to the Department for the mail service that was substituted.

In my own State of Georgia the official figures reveal that in no less than 11 instances, the closing of small post offices resulted in increased expenses to the Post Office Department.

Let me illustrate by two specific examples in the First District of Georgia, which I have the honor to represent in this body.

Let me cite the case of Ogeechee, Ga., in Screven County. With loud protestations of economy, the Post Office Department closed this small post office last year. In so doing the Department ignored my emphatic protests of this action, and the Post Office Department callously disregarded the pleas and petitions of the post office patrons of this fine community.

Mr. Speaker, let me tell you what the result of this so-called economy move has been.

Official Post Office Department figures show that the cost of providing mail service to the patrons of the Ogeechee Post Office is $4,000 a year more since the post office was closed.

Is not this incredible? The Post Office Department deprives the community of Ogeechee of its post office in the name of economy. Then the inadequate rural route service with which they replace the post office costs $4,000 more than the cost of maintaining the post office.

Mr. Speaker, I just wonder if the many highly press-agented economies that the Eisenhower administration claims are as costly to the taxpayers as closing the post office at Ogeechee, Ga.

As briefly as possible, let me invite attention to another so-called economy move in my district.

After my repeated protests the Department closed the post office at Woodcliff, Ga., again in Screven County.

Here, official figures reveal, the rural mail route service substituted for the post office at Woodcliff which had served these patrons so many years, cost the taxpayers $6,000 more than did the operation of the post office which they closed.

Let me remind you that there were nine other instances in the State of Georgia alone in which the cost of the service substituted for the discontinued post office amounted to more than the cost of operation of the post office that was closed.

Mr. Speaker, these figures conclusively demonstrate that in many instances the claims of savings in closing rural post offices are nothing less than direct misrepresentation of the facts.

You may recall that in my earlier remarks I cited figures from the official hearings and a statement by Mr. Norman R. Abrams, the Assistant Postmaster General, to demonstrate that the so-called savings effected by depriving millions of our rural citizens of adequate postal service amounted to less than two-tenths of 1 percent of the annual budget of the Post Office Department.

I quoted Mr. Abrams to show that the closing of more than 3,000 post offices resulted in a saving of only $4,267,000. We all know that the 1957 Post Office Department budget is $3 billion.

Let me reemphasize that the hardships worked on our rural citizens by this curtailment of mail service far outweighs the alleged savings by the Post Office Department. It is my conviction that the needs of the people should be the paramount consideration in providing mail service.

The Post Office Department was not established as a profit-making agency.

Certainly, I agree that the Post Office Department and all Government departments should be operated on a basis of strict economy. But when the Congress establishes a needed service agency and provides the funds for its operation, it should be operated for the benefit of the American public.

We Members of the House are much more aware of the needs of our constituents than are Republican appointees out to make a record of economy regardless of the disaster worked on the rank and file Americans.

It is deplorable the way in which this administration has ignored the sincere recommendations of Democratic Members regarding postal service. No less than 40 times have I written strong protests against the closing of rural post offices. But my protests, except for minor exceptions have gone unheeded.

My 40 written protests were supplemented by personal appeals to the Post Office officials time after time. Again, my efforts in behalf of my rural constituents were in vain.

Sure, some type of rural mail service was substituted in most instances. But rural routes were lengthened beyond all reason. Mail was delayed. In all too many instances, rural subscribers to daily papers received their newspapers a full day after publication.

Are not our rural residents as much entitled to current news as their city cousins? It is my conviction that they are.

You know that excessively long routes inevitably result in delayed mail service. This is not mere inconvenience. This results in direct hardships on millions of Americans.

Picture the plight of a rural housewife who has ordered some necessary article from a store or mail-order house in the city. It is likely that the package is delivered c. o. d. What must she do? She must walk to the mail box, and there wait until the rural carrier arrives so that she may make payment for her purchase.

When that carrier is delayed beyond his usual time, which is all too often the case on lengthy routes, she must wait for lengthy periods. Frequently she must keep her vigil in bad weather.

Mr. Speaker, should this hardship be worked upon the citizens of the richest country in the world? Should our rural citizens be deprived of the prompt mail service that is the symbol of every civilized country in the world?

I think not. It is my conviction that our rural citizens are as much entitled to prompt mail service as are the residents of our cities.

It is not just the protests of a single Democratic Congressman that go unheeded. This arrogant Republican Post Office Department treats the highest ranking officials of this House in a most cavalier fashion.

Last September the esteemed chairman of our Committee on Post Office and Civil Service directed the Postmaster General to desist closing these rural post offices until the committee could complete an inquiry into the effect of this practice on rural Americans.

These instructions from our committee chairman were blithely ignored.

Mr. Speaker, I repeat my protest of several days ago. We have seen the callousness with which this administration regards our farmers as concerns the billions of dollars they have lost because of falling farm prices.

Must we Members of the House submit to the conscienceless policy of the Post Office Department in depriving our rural citizens of adequate mail service?

I say "No." Let us take measures to restore adequate rural postal service without further delay.

I pledge to the proper committees of this House my warmest and most vigorous support for measures that will once again provide adequate mail service to the forgotten Americans of the Eisenhower administration, the farm families of our great country.

(Mr. PRESTON asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. SPENCE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9852, with Mr. PRESTON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Kentucky [Mr. SPENCE] will be recognized for 30 minutes, and the gentleman from Michigan [Mr. WOLCOTT] for 30 minutes.

The gentleman from Kentucky is recognized.

Mr. SPENCE. Mr. Chairman, I yield myself 7 minutes.

Mr. Chairman, this bill would extend from June 30, 1956, to June 30, 1958, the Defense Production Act of 1950.

The Defense Production Act was passed to coordinate our economic power in the interest of our national security. It has served, I think, a very good purpose, and while it may be criticized on the ground that some of its functions have not been exercised as they should have been, certainly there is no Member of Congress who would consider not extending this act. By its power of allocations and priorities it has directed the economic power and the productive activities of the United States in the direction of national defense.

Its purpose was to stimulate all of the productive activities and direct them in the lines that are essential for our security. Its purpose was also to stimulate and expand the smaller plants whose production amounts to a great deal with reference to the national production and whose stimulation means much to the strengthening of the economy of our Nation.

This is the fifth time this act has been extended. There was some effort in the committee to extend it for 1 year in order that it might be reexamined every year. We have the Joint Committee on Defense Production, the watchdog committee, whose duty it is to investigate and keep in touch with the activities of this agency and report to the Congress.

I do not think the argument that we should extend it for only 1 year because it should be investigated annually is sound. Through this committee we are in constant touch with the agency's activities. I think that a 1-year extension might also be considered by the enemies of free government as an indication that we are weakening our efforts to preserve our liberties and our way of life.

This bill comes to you with only one amendment. There is in the agency an organization that works without pay—the WOC's. They are businessmen drawn from various industries and are usually men of wealth who have large holdings in various enterprises. They are required to divulge their interests and business associations. The good man actuated solely by patriotic motives, I am sure, would be willing to make these disclosures. For where a man's treasure is there his heart is also. No man can serve two masters. I do not sympathize with those who say that we should not subject these gentlemen who come here to help their country to any inquisitorial investigation as to their holdings. I think they ought to be glad to tell what their holdings are in order that we might know whether or not they have any interest in conflict with the interests of the Government. Certainly that does not demean them at all. It is often spoken of as though it might be a reflection on them. It is not a reflection on an honest man to put him under bond for the faithful discharge of his duties in connection with the handling of money. I never heard of anybody making that argument. It is essential that they should divulge their interests. There is another group known as Executive Reserves. They are trainees for contemplated future service in the agency. These are the men who might in the future be called upon for advice. In this bill there is also an amendment requiring the Executive Reserves as well as the WOC's to divulge their interests and holdings. I am informed that there will be an amendment offered to this amendment which will require the Executive Reserves to make but one disclosure and would relieve them from making periodic disclosures as required in this bill as reported. I hope that the amendment exempting the Executive Reserves from periodic disclosures will be agreed to, and that this bill as so amended will pass.

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. WOLCOTT. Mr. Chairman, I have no requests for time at this time.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, there is no doubt that this law must be extended. There is doubt, however, as to whether or not it should be extended for 1 year or for 2 years.

In that connection, our distinguished chairman has already indicated to you that we do have a Joint Committee on Defense Production that is supposed to pay attention to the matters that are covered by this bill all the year around. I am certain they are doing the best they can and will call to the attention of our committee and the Congress any changes requiring our attention that may occur, whether the law is extended for 1 year or for 2 years.

Mr. Chairman, I want to take a minute or two to call the attention of the committee to the fact that althouugh we do have a good law here and a law that must be extended, and that we do have a Joint Committee on Defense Production that is inquiring about its operation, in the administrative part of our Government, this law and the problems presented by its operation and its administration are not getting the kind of serious attention that they deserve and require.

In asking for the extension of the law, the executive department necessarily takes the position that we are still in a state of emergency; that we still require constant attention to the matters that may bring about a much worse situation internationally than exists today. Yet, when we ask the heads of the departments that come before us as to what they are doing, they tell you that they are studying and worrying and studying. When you seek details, you find that they are almost completely ignoring the matter.

Not the least of these problems presented under this Defense Production Act is the matter of scarce materials, and one of those materials is steel scrap, another is nickel. Despite the fact that we have had an alarming increase in price, and an alarming increase in the amount of exports, we still are unable to get from the executive department any factual report as to what the situation is or what they intend to do about it or what they should do about it.

We have a similar situation as to standby controls. Everybody in the executive department that comes before our committee admits that in the event the current emergency should develop into hostilities or in the event of an attack, or in the event of war, we would have to have control legislation. Despite that, no one in the executive department has given any serious consideration to what such a law should provide, what regulations will be needed for implementation, how the law should be executed and administered. They will tell you we do not need any standby controls on the books now. Mind you, standby controls are not something that you put on the books and make effective immediately, but a standby control law is one which would be enacted by the Congress, but made effective by the President if the Congress was not in session or by the Congress simultaneously with a declaration of war if that should come, and we all hope it will not come.

Nevertheless, nobody in the executive department is prepared to say to any Member of the Congress, "In the event of an emergency happening tomorrow, we are prepared to submit to you a proposed bill which will cover the situation adequately." They tell you that they are aware of the situation, but, as was said by Secretary Weeks, when he appeared before our committee, the best he could tell us was, and I quote:

> Like all matters relating to preparedness and defense establishment, these things—

Meaning standby control legislation—

> come up from time to time, but I never recall having seriously considered standby controls.

I think that is a very sad reflection upon the executive department of our Government when things of this kind have not had serious consideration by the men who are charged with the duty of giving their time and attention to these very important matters.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman.

Mr. GROSS. Did the gentleman say whether he is going to offer an amendment to limit the extension to 1 year?

Mr. MULTER. I did not mention that fact. I was told that someone would offer such an amendment. I do not intend to offer the amendment to limit it to 1 year because of the representation to us by the distinguished chairman of our committee and by the distinguished gentleman from Georgia [Mr. BROWN] who is chairman of the Joint Committee on Defense Production, that they will continue to give close attention to this matter. Therefore, I personally do not intend to offer an amendment limiting the extension to 1 year instead of 2 years. I would support such an amendment if it were offered.

Mr. GROSS. An amendment to limit it to 1 year?

Mr. MULTER. Yes. That would automatically bring the matter before the next Congress, in the first session of that Congress.

Mr. GROSS. I thank the gentleman.

Mr. WOLCOTT. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio [Mr. OLIVER P. BOLTON].

[Mr. OLIVER P. BOLTON addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. VANIK (at the request of Mr. SPENCE) was given permission to extend his remarks at this point in the RECORD.)

Mr. VANIK. Mr. Chairman, it is with certain misgivings that I support H. R. 9852, the extension of the Defense Production Act for 2 years.

A reappraisal of the Defense Production Act is long overdue. The wide-scale economic effect of the activities of this important function should be carefully scrutinized. The administration of this law has gone far beyond its originally stated concepts. Defense mobilizing is used in our economy to prop up sagging conditions in various businesses and industries.

In the stockpiling of strategic metals, the emphasis seems to be on the establishment of a program of price supports for certain mining industries. The need for a price-support program for the development of a domestic metals industry may be justified, but the kind of activity should bear a proper label and should not be classified as "production for defense."

It is high time to calculate the cost of the accelerated amortization program and to determine whether there is a more efficient way to create productive facilities in the interests of national defense. Defense Mobilizer Flemming testified that tax certificates have already been granted to the extent of $18 billion or 60 percent of the cost of expanded facilities. In view of the fact that these certificates have been granted at a high-income period, it may be assumed that a good portion of the cost of this expansion would have otherwise flowed to Government as taxable income. Dr. Flemming stated he did not know whether it would have cost less for the Government to have collected the taxes due and paid for the expanded facilities on a direct contract basis.

The recent wide-scale grant of quick depreciation certificates for expansion of power facilities is certainly questionable. Most public utilities already operate on a cost-plus basis. The tax amortization certificates were granted in many cases where expansion would have been undertaken without them. The granting of these certificates constitutes a needless bonus to this large and powerful industry.

The use of mineral price supports and "quickie" tax amortizaton to prop up segments of our industrial life over and beyond the requirements of national defense are in the nature of wonder drugs applied to an economy supposedly in good health. The repeated use of these wonder drugs on a healthy patient serves to establish a resistance which will make them ineffectual in a period of grave emergency.

Productions for defense should not be charged with the added cost of economic stabilization. I am not opposed to the cost of economic stabilization or props for certain industries, but these items should carry a proper label.

Mr. SPENCE. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, H. R. 9852 would extend the Defense Production Act for 2 years, and has been favorably reported by the Committee on Banking and Currency. I favor an extension of the Defense Production Act for the period favorably reported by the committee.

The Defense Production Act was first approved on September 8, 1950. For more than 5 years this act has been one of the main tools in the development of our defense mobilization program. This program has constituted an effort by the Government to meet the needs of military security with the minimum interference with our free-enterprise civilian economy. This has required considerable expansion, since there have been increased military requirements and increased production for consumers.

In providing for our defense through expansion programs, the Defense Production Act has provided incentives such as loans, loan guaranties, contractual commitments, and exploration. To accomplish these purposes, a borrowing authority fund of $2.1 billion was provided under section 304 of the act. This fund has enabled the Government to consummate transactions estimated at more than $7½ billion as of December 31, 1955.

It has been estimated that during the past fiscal year approximately two-thirds of the materials purchased for the stockpile to meet minimum stockpile objectives came from Defense Production Act inventories.

The priorities and allocations authority of title I of the act is of great importance to the Department of Defense and the Atomic Energy Commission. Under authority of the Defense Production Act, the defense materials system, as operated by the Department of Commerce, accomplishes the important purpose of requiring producers of certain basic items to set aside certain percentages of their production for the filling of identified defense orders. The loan-guaranty provisions of section 301 of title III of the act are used extensively by the Department of Defense. Through December 31, 1955, guaranties aggregating $2 billion had been authorized by the Department of Defense under this section.

The committee report sets forth that as of the close of 1955, purchases aggregating $4 billion had been completed under section 303 of title III of the act, with another $2.8 billion remaining in process.

H. R. 9852 does not change the voluntary-agreements program under which 23 agreements are now in force, and would continue the executive-reserve program. H. R. 9852 also extends for 2 years the period of time over which expansion contracts under section 303 of the act may extend.

The 1955 amendments to the Defense Production Act recognized the need for preparedness programs designed to reduce the time required to mobilize in the event of an attack.

The maintenance of a strong and flexible defense program requires that current military and atomic energy programs proceed without interruption and that a broad and diversified mobilization base be established which will reflect new requirements resulting from changes in technology and strategy. The authorities provided in the Defense Production Act are essential to meet these objectives.

The Director of the Office of Defense Mobilization and the Secretary of Commerce appeared before the committee in support of the 2-year extension of the act.

On the basis of the unquestioned defense need of an extension of the Defense Production Act, I urge that H. R. 9852 be passed, thereby extending the Defense Production Act for a period of 2 years.

Mr. WOLCOTT. Mr. Chairman, I yield 3 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, I rise to ask a question of the chairman of the committee, the gentleman from Kentucky [Mr. SPENCE]. Did I correctly understand him to say that he would offer an amendment that would make the bill more palatable to the manufacturers? I understood him to say there were certain provisions in the bill that would require the manufacturers to give information that they might not wish to give.

Mr. SPENCE. I understand such an amendment will be offered. I am not going to offer it.

Mrs. ROGERS of Massachusetts. I think it will be very dangerous. The manufacturers may have to give out a good deal of information publicly, and this means their competitors will have an advantage. The gentleman does not know whether such an amendment will be offered?

Mr. SPENCE. This would not require any privileged information, it would not require any trade secrets, it would only require information as to what he actually owned. It would be in conflict with the best interests of the country if he was acting in accordance with his own interests and not in a public spirit.

Mrs. ROGERS of Massachusetts. People do not have very much privacy nowadays, it seems to me, in anything. I hope there will be an amendment to safeguard it. But, I would also like to ask the gentleman if there is anything to provide a stockpiling for the civil defense. I am appalled by the fact that they do not have any stockpile in the case on an emergency.

Mr. SPENCE. There is nothing in the bill with reference to that.

Mr. WOLCOTT. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. WOLCOTT. I think the gentlewoman and the chairman of the committee are talking about two entirely different things. The gentleman is talking about this program in which the administration encourages people with peculiar knowledge of production of articles which are considered to be strategic and

so on, and people who have the know-how with reference to such matters to come into the Government. The gentlewoman, as I understand it, is talking about compelling someone to give information. There is nothing in the bill to compel anybody to give any information. As a matter of fact, there are safeguards in the bill in respect to those who work without compensation. If a certain material is declared to be critical and information concerning it is classified, there is a fine, I believe, of $10,000 for giving out such information.

Mrs. ROGERS of Massachusetts. Then, they do not have to give out any information about their product unless they wish to do so.

Mr. WOLCOTT. Not under any provision of the bill that I know of.

Mrs. ROGERS of Massachusetts. I thank the gentleman.

Mr. SPENCE. Mr. Chairman, we have no further requests for time.

Mr. WOLCOTT. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted, etc., That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958."

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965."

With the following committee amendment:

At the end of the bill, insert the following new section:

"SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: 'No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section'."

Mr. OLIVER P. BOLTON. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER P. BOLTON to the committee amendment: Page 2, before the period in line 7, insert a semicolon and the following: "this sentence shall not be construed as requiring any member of the executive reserve to file a statement of changes in interests in conformity with the last sentence of paragraph (6) of subsection (b)."

[Mr. OLIVER P. BOLTON addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question recurs on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

Mr. McCORMACK. Mr Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCORMACK: At the end of the bill insert the following:

"SEC. 4. Section 712 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"'(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of its resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an interim report on the results of the investigation and study or or before July 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session)'."

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Iowa.

Mr. TALLE. May I say to the majority leader that my understanding of the effect of his amendment is this: The proposed study would be made by the Department of Commerce under the supervision of the Joint Committee on Defense Production; is that correct?

Mr. McCORMACK. That is correct.

Mr. TALLE. I thank the gentleman.

Mr. McCORMACK. The gentleman states it correctly in a few words. It will have a very salutary effect, and I think out of it will come many beneficial results.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Although we have provided that the joint committee set up under section 7–11 of the act may do this and seek the advice and counsel of the experts of the Department of Commerce at their disposal, the only difference between what the joint committee must do or is expected to do under 7–12 of the act and the gentleman's amendment is that the Department of Commerce would initiate the study instead of the joint committee; is that right? They would work together in the same manner as they would under 7–12?

Mr. McCORMACK. This amendment does not in any way take away any of the authority that now exists in the joint committee under existing law. It is a direction to the Secretary of the Department of Commerce to make an investigation, but at all times the joint committee has its power to act under existing law or under the organic act. It in no way diminishes the power of the joint committee under existing law. As the gentleman says, it does require the Department of Commerce to make the investigation. All the time the joint committee is in position to act under existing law, as the gentleman from Iowa has well said. The joint committee can go further, if it desires; but this is under the supervision of the joint committee. I think the statement made by the gentleman from Michigan reconciles itself with the statement made by the gentleman from Iowa. Certainly both statements are consistent with the views I entertain.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from New York.

Mr. MULTER. The gentleman's amendment is a very good one and I trust it will bring about salutary effects in the overall program. I hope, however, that despite the discussion that has taken place here today the Department of Commerce in deciding to make this survey is not going to use the very people who are using the nickel and who are creating the shortage in supply and diverting it. I hope they will not have a survey by the very people in the industry who bring about at least some of the demand for the nickel.

Mr. McCORMACK. I would assume that Sinclair Weeks, whom I know, has enough judgment not to do that.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. SPENCE. I am sure there is no objection to the gentleman's amendment. I shall support it.

Mr. BROWN of Georgia. Mr. Chairman, I rise in support of the amendment. I see no objection to it.

Mr. Chairman, there is a great shortage of nickel in this country. It is estimated that the free-world production of nickel for this year will be 440.5 million pounds. Last year it was 400 million pounds. And the United States secures nearly 70 percent of this amount.

The following figures, compiled by the Department of Commerce, reveal that for the 8 years beginning in 1948 and ending in 1955 the United States has received from 59.8 percent to 86.2 percent of the free-world supply of nickel. In 1948 it received 81.9 percent, in 1949 86.2 percent, and so on, the lowest being 66.5 percent in 1953.

Mr. Chairman, for many months it has been fully recognized by the responsible Government agencies that the available supply of nickel has fallen far short of meeting the combined requirements of the defense and civilian demand. For more than a year the demands of industry have increased each quarter until it is now estimated that a 30-percent deficiency exists between the requirements and the supply available for nondefense uses. This situation has been the outgrowth of the high level of our economic activity in practically all segments of the economy, and to even a greater extent by the constantly higher defense take each quarter since early 1955.

Since defense requirements have first priority on the market-price nickel, the

available supply of market-price nickel has become less and less as the military "take" has increased. To meet this situation the Office of Defense Mobilization has made available to industry substantial quantities of premium-price nickel, starting late in 1955, by authorizing the producers to make diversions of such nickel scheduled for stockpile delivery under long-term Government contracts.

The major consuming industries for nickel include stainless steels, low alloy steels, nonferrous uses, high-temperature and electrical-resistance alloys, and electroplating.

Because of the hardship problems which the nickel shortage has created throughout the civilian nickel industries, it is understood that hundreds of letters have been received by the Business and Defense Services Administration in the Department of Commerce expressing concern over the apparent cutbacks in their normal nickel deliveries and the financial losses this has entailed. Many of you have received similar letters, particularly from the nickel plating industry, which appears to have suffered severely in view of the expanded demands during the period of short supply.

A review of the correspondence in the files of the Department of Commerce by the staff of the Joint Committee on Defense Production indicates that the electroplaters feel that they are being unduly penalized while other businesses not dependent on nickel have been in a position to expand production.

Unfortunately, the majority of the electroplating demands are primarily for nondefense uses, and, therefore, the platers have been forced to turn to premium price nickel as the defense needs have required a greater proportion of the market price nickel. There are, however, two classes of premium price nickel: First, that which is being diverted to industry by the Government which ranges in price at around $1.35 per pound for nickel anodes; and, second, the so-called gray market nickel which is reported to range in price as high as $3.50 per pound. This gray market nickel, according to the Department of Commerce, consists primarily of secondary nickel produced from nickel scrap and imports from French, Japanese and West German sources.

The letters from the electroplating industry requesting Government aid in alleviating the shortage problem fall into five general groups, as follows:

First. Firms claiming severe cutbacks from past delivery schedules—market price nickel;

Second. Firms claiming that total allocations, including Government diverted premium price nickel, are less than previous periods;

Third. Firms requiring increased quantities of nickel to meet increased consumer demands;

Fourth. Firms requiring additional nickel to operate expanded facilities; and

Fifth. New firms entering the plating business for the first time.

The following excerpts are from correspondence picked at random by the staff of the Joint Committee on Defense Production from the files of the Department of Commerce, and typical of the concern expressed by the plating industries regarding the problems created by the current shortage. In replying to letters, the Depatrment of Commerce has recognized that it will be some months in the future before the foreseeable supply of nickel is expected to meet the demands of the defense, civilian, and stockpile requirements.

One plating company wrote the Department of Commerce in part on January 26, 1956, as follows:

We are appealing to this Department for help in the nickel situation.

Before allocations were removed, we were allotted 480 pounds of nickel per month. At that time, 1953, 480 pounds of nickel per month was sufficient, but since that time our business has increased until now our monthly requirements are around 1,100 pounds per month and our allotment has been cut to 30 percent of the original 480 pounds.

We used to supplement our usage by getting the small users amount (100 pounds) of nickel from two other sources but these have cut us off now. As a result of this, we have to go into the gray or black market whichever you wish to call it and pay $3 per pound plus freight as against $0.926 per pound freight prepaid when received from legitimate sources. The problem is getting serious because we cannot afford to continue in business buying upwards of a thousand pounds of nickel per month at $3 per pound.

With a $30,000 a month business and a 10 percent profit, $3 nickel can put you out of business.

The silliest argument is that there is a shortage of nickel, therefore the black market. If there is a shortage, how come there is so much available if you want to pay through the nose.

What can you do for us?

The Department of Commerce replied on February 2, 1956, as follows:

This is in reply to your letter of January 26, regarding your nickel problems.

Because of the large number of inquiries received on the subject of your communication, this agency has prepared a mimeographed statement discussing the current nickel situation. A copy of this statement is enclosed which I believe covers the points raised in your letter with the exception of the basis entitlement which you refer to as being 480 pounds. Review of the National Production Authority records dated March 18, 1953, established your entitlement at that time to 242 pounds.

Our investigation of February 1 showed that you received * * * 450 pounds of nickel contained in anodes and chemicals for December, 1955; 350 pounds for January, 1956; and 284 pounds for February. The December allotment included 100 pounds of premium priced nickel scheduled for stockpile delivery during that month. Such nickel was not available in January but should be available in February which will increase your allotment for that period.

We wish to assure you that this Agency is continuing to make every effort to find means of relieving industry from the current nickel shortage. However, we regret that we cannot be of more direct assistance to you at this time.

The plating company wrote further on April 6, 1956, as follows:

I have your letter of February 2, 1956, in answer to ours of January 26, 1956, and since we are having more trouble than ever meeting our requirements I have been reviewing some of your statements.

You state we received 450 pounds of nickel in December 1955. We did but the shipment December 9th should have been received in November 1955. The figures you use do not coincide with our receivals but that is beside the point. What I want to know is, are we entitled to the entire amount allotted in metal or is it the choice of the supplier to decide whether we get it in metal or salts. Further, you refer to the mimeographed copy on the nickel situation. With all due respect to the statements made, does it occur to those who set up the controls that the nickel used in nondecorative plating for corrosion resistance is just as important to the washing machine industry as it is when allotted to the makers of stainless steel which to a large extent is used for decorative purposes.

Further, if the nickel we receive is based on our usage back in 1951, how does the auto industry get the nickel for their increased production, also where does Oldsmobile and Ford get the nickel for their new installations which did not exist in the years when allocations were in effect?

We want 1,000 pounds of nickel per month and I don't see why we should be forced to purchase it through the black market any more so than the big industries. What is the explanation?

The Department of Commerce replied on April 25, 1956, as follows:

This will supplement our response of February 2 to your letter of January 26, in answering your further inquiry of April 6 on the subject of nickel.

The plating supplier in making his allotments of nickel makes his own determination of the ratio of metal to salts since he must ascertain the most economical balances in operating his business. Thus, if the supplier manufactures chemicals and all of his customers took only metal, it is conceivable that the supplier could thus be forced out of the chemical business. The Government's interest in the distribution of nickel for nondefense uses is that it be made on an equitable basis and for this purpose nickel contained in salts is considered together with that in the form of metal.

With respect to the nickel available to the automobile industry, we can assure you that the Government post-audits made of the plating suppliers' accounts, which incidentally are voluntarily permitted by the suppliers, have shown that the automobile companies have received only their equitable share of new nickel for plating determined on the same basis as for all other platers. The nickel available for nondefense uses which is equitably distributed consists of that offered at the normal market price and the premium price material scheduled for stockpile delivery which is diverted to industry. Aside from this nickel we do not have any authentic information on other sources.

It is rumored that at least some of the automobile companies receive appreciable quantities of anodes derived from domestic scrap and from nickel imported from Japan, France, and West Germany. However, you would have to consult with the respective automobile companies for specific details and information regarding their sources of additional nickel.

As you doubtless know, Government is without authority to direct or request a supplier to provide any particular quantity of nickel for nondefense uses. The supplier, as previously stated, does, of course, have a moral obligation to equitably distribute his nondefense share of nickel. Our periodic post audits of their accounts which are voluntarily permitted by the suppliers, show

that they are doing a very creditable job in maintaining an equitable pattern of distribution. Unfortunately the suppliers, because of short supply, do not have sufficient nickel to provide the general needs of all of their customers and any effort to take care of one who pleads hardship must be done at the expense of their other customers who also are having difficulty in meeting their needs. Government of course is seeking a solution to this problem of nickel shortage by obtaining diversions to industry of nickel scheduled for stockpile delivery. Due to the current rate of increase in defense orders the civilian economy has not been receiving the added benefit anticipated from these increased diversions.

Under the circumstances set forth, I regret that we are unable to assist you in securing any additional nickel required to take care of your needs and we can only suggest that you seek to obtain the defense rated orders to supplement your allotment of nondefense nickel.

The long-term solution to the problems which exist as a result of inadequate supplies of nickel to meet defense and civilian requirements is through the expansion of nickel supplies. Large sums of money have been expended under the Defense Production Act to increase nickel supplies. The Joint Committee on Defense Production has held meetings in recent weeks with the Director of the Office of Defense Mobilization and the Secretary of Commerce on this subject, and announcements have since been made of an expansion of nickel supplies. The Joint Committee on Defense Production previously considered the Nicaro, Cuba, expansion, which is now underway.

(Mr. BROWN of Georgia asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. McCORMACK].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore having resumed the chair, Mr. PRESTON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, pursuant to House Resolution 505, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous quesion is ordered.

Is a separate vote demanded on any amendment? If not the Chair will put them en bloc.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

COMMITTEE ON ARMED SERVICES

Mr. PRICE. Mr. Speaker, I ask unanimous consent that Subcommittee No. 1 of the Committee on Armed Services have permission to sit during general debate this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the Walter subcommittee of the Committee on the Judiciary have permission to sit during general debate today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

FARM CREDIT ACT OF 1956

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 508 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 10285) to merge production credit corporations in Federal intermediate credit banks; to provide for retirement of Government capital in Federal intermediate credit banks; to provide for supervision of production credit associations; and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority members of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Oregon [Mr. ELLSWORTH], and at this time I yield myself such time as I may consume.

Mr. Speaker, this resolution makes in order H. R. 10285, a bill out of the Committee on Agriculture, to consolidate the lending agencies. It is a third step in a program initiated by the committee. So far as I know, there is no opposition to the rule. I therefore reserve the balance of my time.

Mr. ELLSWORTH. Mr. Speaker, as the gentleman from Arkansas has explained to the House, this rule, which calls for 2 hours of general debate, would make in order the consideration of the bill (H. R. 10285) dealing with production credit corporations, Federal intermediate credit banks, and production credit associations.

There is no objection to the rule on this side and I have no requests for time.

Mr. TRIMBLE. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Speaker, I have read the bill and the report which accompanies it. I believe that on the whole, the committee has done a creditable job with a most complicated subject and I hesitate to place my judgment in opposition to the committee's decision. Nevertheless, I am disturbed by certain aspects of the bill and I have asked for this time in order to ask some questions. May I ask the chairman of the committee to inform the House of the surplus funds which are now owned by Federal agencies; are they owned by the production credit corporations or by the intermediate credit banks?

Mr. POAGE. There are some surpluses owned by the intermediate credit banks and some by the production credit corporations.

Mr. YATES. Will the gentleman tell the House the amount of surplus funds owned by the intermediate credit banks and the amount owned by the production credit corporations?

Mr. POAGE. My recollection is that $49 million is for the intermediate credit banks and about $12 million for the production credit corporations. I may have that reversed.

Mr. YATES. So that $61 million in surplus funds which are now the property of the United States Government will be used for the benefit of the merged corporation; is that correct?

Mr. POAGE. That is approximately correct, yes.

Mr. YATES. Under the proposal set forth in the bill, class A stock will be issued to the Governor of the Farm Credit Administration. Class B stock will be issued to production credit associations. The surplus funds now belonging to the Government would be made available to the new corporation and production credit associations will be allowed to share in the surplus, will they not?

Mr. POAGE. Only in the case of liquidation could there be any question about the ownership of those surpluses, because they go into the capital structure and do not come out except in case of liquidation.

Mr. YATES. Cannot dividends be paid out of surplus?

Mr. POAGE. No.

Mr. YATES. Only out of earnings?

Mr. POAGE. That is right.

Mr. YATES I saw no such provision in the bill. May I next ask the gentleman, in the event of liquidation do not the financial institutions as well as the cooperatives share in the surpluses?

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 5, 1956
For actions of June 4, 1956
84th-2nd, No. 91

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HIGHLIGHTS: See page 7.

SENATE

1. APPROPRIATIONS. The Appropriations Committee reported with amendments H. R. 9720, the Labor-HEW appropriation bill for 1957 (S. Rept. 2093); and H. R. 10003, the D. C. appropriation bill for 1957 (S. Rept. 2094). p. 8457

   Made the Labor-HEW appropriation bill its unfinished business for consideration today. p. 8498

2. FORESTRY. Passed without amendment H. R. 9822, to require the Interior Department to establish a trout hatchery in the Pisgah National Forest, N. C. Sen. Flanders discussed, but did not submit, an amendment to this bill to provide for the reconstruction and equipment of the fish hatchery in the Green Mountain National Forest, and stated that he would introduce a bill for this purpose. This bill is now ready for the President. p. 8497

3. PERSONNEL. Passed without amendment H. R. 3255, to preserve the basic compensation of classified employees whose positions are reclassified to a lower grade. This bill is now ready for the President. p. 8498

4. EXPORT CONTROL. The Banking and Currency Committee ordered reported with amendment H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. D558

5. DEFENSE PRODUCTION. The Banking and Currency Committee ordered reported with amendments S. 3407, to extend the Defense Production Act of 1950. p. D558

6. PUBLIC LANDS. An Interior and Insular Affairs subcommittee ordered reported with amendments to the full committee H. R. 4096, to provide for the disposal of public lands within highway, telephone, and pipeline withdrawals in Alaska, subject to appropriate easements. p. D558

7. FARM LOANS. An Interior and Insular Affairs subcommittee ordered reported without amendment to the full committee H. R. 8385, to transfer to the Secretary of Agriculture the responsibilities relating to Puerto Rican hurricane relief loans. p. D558

8. SCHOOL MILK. Sen. Aiken inserted a statement of congressional intent in extending benefits of the special school milk program to certain child-care institutions and summer camps, which stated t at it was the "prevailing desire of the committee to direct extension of the milk program to summer camps and to settlement houses, orphanages, and other similar institutions which were serving economically underprivileged children." p. 8479

9. PUBLIC POWER. Sen. Neuberger inserted a newspaper editorial opposing the development of Niagara Falls hydrceleotric project. p. 8487

10. MONOPOLIES. Sen. Butler inserted his statement reviewing and commending the Administration's antitrust enforcement record. p. 8499

11. LEGISLATIVE PROGRAM. Majority Leader Johnson announced that the Labor-HEW and D. C. appropriation bills would be taken up today, and that the social security bill would be considered later this week. p. 8458

HOUSE

12. APPROPRIATIONS. Agreed to the conference report on H. R. 9390, the Interior Department appropriation bill for 1957 (including Forest Service items). p. 8503

Conferees were appointed on H. R. 10899, the Commerce Department appropriation bill for 1957. p. 8503 Senate conferees were appointed on May 31.

13. FARM LOANS. The Agriculture Committee reported with amendment H. R. 11544, to improve and simplify the credit facilities available to farmers and to amend the Bankhead-Jones Farm Tenant Act (H. Rept. 2260) (pp. 8511, 8517). Regarding this bill, the Committee issued the following statement on June 1:

"The Committee on Agriculture today unanimously ordered reported a bill by Chairman Cooley (H.R. 11544) which will make important changes in the direct loan programs of the Department of Agriculture administered by the Farmers Home Administration.

"The bill was drafted by the Conservation and Credit Subcommittee after extended consideration of more than a score of bills dealing with various aspects of the Farmers Home Administration loan programs. As reported by the committee, the bill will provide additional funds for emergency loan programs, authorize refinancing of existing farm debts, provide assistance to part-time farmers, and complement the Great Plains Program and the special program for low-income farmers.

84TH CONGRESS
2D SESSION

H. R. 9852

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1956

Read twice and referred to the Committee on Banking and Currency

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: "No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section; this sentence shall not be construed as requiring any member of the executive reserve to file a statement of changes in interests in conformity with the last sentence of paragraph (6) of subsection (b)."

SEC. 4. Section 712 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of its resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an

interim report on the results of the investigation and study on or before July 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session)."

Passed the House of Representatives May 31, 1956.

Attest: RALPH R. ROBERTS,

Clerk.

84TH CONGRESS
2D SESSION

H. R. 9852

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

JUNE 4, 1956

Read twice and referred to the Committee on Banking and Currency

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 15, 1956
For actions of June 14, 1956
84th-2nd, No. 99

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HIGHLIGHTS: House committee ordered reported revised housing bill. Both Houses agreed to conference report on Commerce appropriation bill. Ready for President. Senate committee reported bill to extend Defense Production Act. Sen. Capehart urged new research program to develop additional industrial uses of agricultural products. Senate passed bill to extend Export Control Act.

HOUSE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H. R. 10899, the Commerce Department and related agencies appropriation bill for 1957. pp.9334, 9373 This bill is now ready for the President.

2. FARM LOANS. The Banking and Currency Committee ordered reported H. R. 11742, to extend and amend laws relating to the provision and improvement of housing and conservation and development of urban communitities, and certain farm housing programs. p. D629

   The "Daily Digest" states that the Rules Committee granted a rule for the consideration of H. R. 11544, to amend the Bankhead-Jones Farm Tenant Act, to improve and simplify credit facilities available to farmers. p. D630

3. ALASKA; FORESTS. Conferees were appointed on H. R. 6376, to provide for the hospitalization and care of the mentally ill of Alaska, including a grant of not to exceed 1 million acres of public lands to assist in carrying out the program (includes lands eliminated from national forests). p. 9374 Senate conferees have not yet been appointed.

4. CONTRACTS. Rep. Crumpacker requested and received permission for the Judiciary Committee to file, by Fri. midnight, a report on S. 1644, to prescribe policy and to improve existing procedure and practices in connection with the letting of lump-sum Federal construction contracts and to place the awarding of such contracts on a more efficient basis. p. 9374

5. AREA ASSISTANCE. Rep. Flood spoke in favor of his bill H. R. 11715, to alleviate certain conditions in areas of excessive unemployment. p. 9384

6. LEGISLATIVE PROGRAM. Rep. McCormack announced the following schedule for the week of June 18: Mon., Consent Calendar, then bills relating to definition of dry milk solids and the development of improved marketing facilities; Tues., Private Calendar; and balance of the week, new farm loan bill, housing bill, and supergrades bill. p. 9374

7. ADJOURNED until Mon., June 18. pp. 9374, 9384

SENATE

8. RESEARCH. Sen. Capehart urged passage of his bill (S. 3503) providing for a research program for the development of increased and additional industrial uses of agricultural products, and inserted several statements and newspaper articles in support of the bill. p. 9315

9. DEFENSE PRODUCTION. The Banking and Currency Committee reported with amendments H. R. 9852, to extend the Defense Production Act of 1950 (S. Report. 2237). p. 9261

10. FOREIGN TRADE. Passed with amendments H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. 9361

11. SAFETY. Sen. Humphrey inserted a magazine editorial in support of S. 3517, to provide for the reorganization of the Government safety functions p. 9260

12. APPROPRIATIONS. The Appropriations Committee reported with amendments H.R. 11473, the legislative branch appropriation bill for 1957 (S. Rept. 2236). p. 9260

13. LAWS. The Judiciary Committee reported with an amendment S. 3143, to establish rules of interpretation governing questions of the effect of acts of Congress on State laws (S. Rept. 2230). p. 9260

14. FOOD SUPPLY. Sen Payne inserted and commented on a survey of the National Academy of Sciences concerning the effects of radioactivity on heredity, environment, and food supply. p. 9267

15. WATER POLLUTION. Conferees were appointed on S. 890, to extend and strengthen the Water Pollution Control Act. House conferees were appointed June 13. p. 9281

16. PRICE SUPPORTS. Agreed to S. Res. 283, authorizing the Library of Congress and the staff of the Agriculture and Forestry Committee to prepare a compilation of material related to the price support program for use of high school debaters. Sen. Knowland gave notice of a motion to reconsider the vote by which the resolution was agreed to. Sen. Aiken criticized certain material to be included in the compilation. pp. 9264, 9338

Calendar No. 2259

84TH CONGRESS
2d Session

SENATE

REPORT
No. 2237

DEFENSE PRODUCTION ACT AMENDMENTS OF 1956

REPORT

TOGETHER WITH

INDIVIDUAL VIEWS OF MR. BUSH

OF THE

COMMITTEE ON BANKING AND CURRENCY

TO ACCOMPANY

H. R. 9852

JUNE 14 (legislative day, JUNE 11), 1956.—Ordered to be printed

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UNITED STATES
GOVERNMENT PRINTING OFFICE
71006 WASHINGTON : 1956

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84TH CONGRESS, 2d Session | SENATE | REPORT No. 2237

DEFENSE PRODUCTION ACT AMENDMENTS OF 1956

JUNE 14 (legislative day, JUNE 11), 1956.—Ordered to be printed

MR. FULBRIGHT, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 9852]

Together with the

INDIVIDUAL VIEWS OF MR. BUSH

The Committee on Banking and Currency, to whom was referred the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

PROVISIONS OF THE BILL

The bill would extend the Defense Production Act of 1950, which otherwise will expire on June 30 of this year, for 2 additional years, to June 30, 1958. It would make a corresponding extension, from June 30, 1963, to June 30, 1965, in the authority to purchase strategic materials under section 303 of the act. In addition, it would require the Secretary of Commerce to make a study, in consultation with the Joint Committee on Defense Production, of the various aspects of the supply and marketing of nickel, with an interim report to be filed by July 15, 1956, and a final report by December 31, 1956.

Under committee amendments, the bill would (1) give congressional sanction and support to the principle of geographical dispersal of new Government-assisted defense facilities, in the interest of national security; (2) strengthen the President's hand in exercising the allocation authority when defense requirements cause significant dislocation of normal distribution; and (3) simplify payment of the expenses of the Joint Committee on Defense Production.

The bill, as amended by the committee, does not contain the provision of H. R. 9852 requiring members of the Executive Reserve to file statements of their financial interests in the Federal Register at the time of their appointment in the reserve.

General Statement

The maintenance of a strong and flexible defense program requires that current military and atomic-energy programs proceed without interruption. In addition, a broad and diversified mobilization base must be established which will reflect new requirements resulting from changes in technology and strategy. The authorities provided in the Defense Production Act are essential to meet these objectives.

The powers granted by the Defense Production Act which would be extended for 2 years by this bill include the priorities and allocations powers (sec. 101); restrictions on hoarding scarce materials (sec. 102); authority to guarantee defense contracts (sec. 301); lending authority (sec. 302); authority to establish purchase programs for metals, minerals and other materials and to encourage exploration, development, and mining of minerals and metals (sec. 303); borrowing authority (sec. 304); and the ancillary powers contained in title VII, such as the authority to require the filing of reports and to compel the disclosure of information (sec. 705); enforcement authorities (sec. 706); authority to provide antitrust exemption for certain voluntary agreements and programs (sec. 708); exemption from the Administrative Procedure Act, except section 3 thereof (sec. 709); authority to employ persons without compensation on a full-time or part-time basis with exemptions from the conflict-of-interest statutes (sec. 710); and authority for the Joint Committee on Defense Production (sec. 712).

Dispersal

The problem of the concentration of industrial strength in close spaced areas has become of vital significance in this day of the H-bomb. Admiral Strauss, Chairman of the Atomic Energy Commission, set forth the simple but appalling facts in a statement on the effects of high-yield nuclear explosions:

> The very large thermonuclear device tested at Bikini Atoll on March 1, 1954, was detonated on a coral island and the ensuing fallout contaminated an elongated, cigar-shaped area extending approximately 220 statute miles downwind and varying in width up to 40 miles. In addition, there was a contaminated area upwind and crosswind extending possibly 20 miles from the point of detonation.
>
> * * * it is estimated that * * * there was sufficient radioactivity in a downwind belt about 140 miles in length and of varying width up to 20 miles to have seriously threatened the lives of nearly all persons in the area who took no protective measures.
>
> Thus, about 7,000 square miles of territory downwind from the point of burst was so contaminated that survival might have depended upon prompt evacuation of the area or upon taking shelter and other protective measures.
>
> * * * * *
>
> Two important characteristics of any nuclear explosion, other than those from fallout, are the effects of blast and heat * * *. The intensity and area of the blast and heat effects increase in relation to the greater energy yield of

> the explosion. * * * an atomic bomb of the earliest type, equivalent to 20,000 tons of TNT, would produce blast and heat sufficient to destroy, or damage severely, buildings within a radius of more than 1 mile from the explosion point. The United States has developed fission bombs many times as powerful as the first atomic bombs, and hydrogen weapons in the ranges of millions of tons [megatons] of TNT equivalent (quoted from Federal Disaster Insurance Staff Study, Senate Banking and Currency Committee, 84th Cong., 1st sess., pp. 194–196).

The H-bomb and the full appreciation of the dangers of fallout have emphasized the attention given to dispersal. The Nation's ability to fight back after an attack depends in large part on our ability to continue producing the weapons of war and civilian goods necessary for the next phase of a war. The Office of Defense Mobilization, the Department of Defense, and the Department of Commerce have recognized this need and are cooperating in a program to help locate new plants in dispersed areas, when practicable. Of course, the many other factors which necessarily limit the location of industrial plants must be borne in mind.

The committee explored the problems of dispersal at the hearings with the Director of the Office of Defense Mobilization and Secretary of Commerce Weeks, and also received the comments of other agencies. All the agencies commenting on the proposal recognized the importance of dispersal, and declared it vital to continue the Government's policy of considering dispersal as one of the important factors in the location of Government-assisted new plants.

Dr. Flemming, Secretary Weeks, Governor Peterson, Director of the Federal Civil Defense Administration, and Mr. Wendell Barnes, Director of the Small Business Administration, supported the amendment, as an expression of congressional approval and support for the policy which would be helpful in securing public cooperation and would assist in making substantial and intelligent progress in the program.

The Department of the Air Force, for the Department of Defense, expressed complete approval of the policy, which is being carried out in the Department of Defense under Department directives, but opposed the amendment on the ground that it might give rise to question as to its interpretation in individual cases and might be confusing. The committee considers that this comment misses the purpose and effect of the amendment.

The amendment does not apply the principle of dispersal to existing plants. It does not require replacing existing industries. And it does not mean that geographical dispersal is the only, or in some cases even the principal, factor to be considered.

The amendment is designed to give an expression of congressional support and approval of the dispersal policies which the agencies have already adopted, and the dispersal program which they are already carrying out. The amendment calls for the application of the principle of geographical dispersal of industrial facilities, under the coordination of the Office of Defense Mobilization, (1) when practicable, (2) when consistent with existing law, and (3) when consistent with the desirability of maintaining a sound economy. Full recognition can and should be given under this provision to the many other

factors entering into the location of industrial plants: access to raw materials, power, labor, transportation, etc.

It is the considered view of the committee that the amendment will bring public support to the agencies' dispersal program, and thereby contribute to the national security.

The principle of geographical dispersal is vital to our national security. Congress should not shirk responsibility for this policy. The committee urges that Congress give its full support to the agencies working on this program, through the enactment of this amendment.

Priorities and Allocations

To maintain the necessary level of defense procurement without interruption during a period when the requirements of an expanding economy for materials and facilities are extremely high, it is necessary to insure a preference for delivery on defense orders. Thus, the priorities and allocations authority of title I of the act is of great importance to the procurement programs of the Department of Defense and the Atomic Energy Commission.

The Defense Production Act authorizes the Department of Commerce to operate a defense materials system. This system requires producers of basic forms and shapes of steel, copper, and aluminum to set aside certain percentages of their production for the filling of identified defense orders. These orders are given a preference in delivery which applies, not only to the basic materials in those setasides, but also to other materials, such as nickels and to the various components entering into the production of the end item ordered.

This devise also insures the equitable distribution of defense orders among the various producers of basic items and leaves to each producer of such materials a relative share of his production for supplying his customers in the civilian market.

The committee noted that transportation orders T–1 and T–2 have been continued in force under the authority of title I of the act. These orders prohibit United States ships and airplanes (*a*) from carrying any cargo destined for Communist China or North Korea, wherever picked up, and (*b*) from going to any seaport or airport in Communist China or North Korea. The committee views these orders as a proper exercise of the allocation authority, and considers it important to continue the authority on which they are based.

Shortages in the Civilian Market

The committee was informed of shortages of a number of important materials—aluminum, copper, nickel, steel, and cement—and resulting price increases, premium prices and gray markets, and maldistribution and hardships. This situation has caused concern to small firms throughout the country, and also to the Small Business Administration and the Department of Justice. The Attorney General's report of April 13, 1956, under the Small Business Act points up the problems involved, particularly in the matter of distribution of these scarce materials.

The nickel situation is typical of many other materials, but is particularly marked. Defense requirements, including stockpile purchases, have been taking a large part of the supply, leaving insufficient quantities for the civilian market. Most civilian con-

sumers of nickel are receiving only a small fraction of their needs, and in addition they are faced with a 3-price arrangement—regular- or market-priced nickel, premium-price nickel (Government nickel diverted by ODM from the stockpile) at about twice the price of regular nickel, and gray-market nickel (nickel diverted from other contracts or purchased abroad, but without violation of law) at about 3 times the market price. Black-market nickel (nickel obtained or sold in violation of law, for example, illegally diverted defense supplies) apparently sells at about the same price as gray-market nickel.

Dr. Flemming and Secretary Weeks have recognized the existence of these shortages and the resulting effects on prices and distribution. Both have urged that no further governmental action is necessary or desirable. Both have taken the position that the only cure for the present situation is an increase in the supply of nickel, which is being sought by ODM and GSA through the financial measures provided in title III of the act. (It may however, be noted that an announcement has recently been made by ODM that nickel alloys will be placed under the controlled materials plan beginning in July, and that ODM and Commerce are considering exercising certain controls over nickel scrap.)

Testimony before the Joint Committee on Defense Production and the Senate Select Committee on Small Business describes the present system of allocating nickel. Before controls were removed in 1953, nickel producers and suppliers gave assurances to the Office of Defense Mobilization and the Department of Commerce that they would distribute nondefense nickel in an equitable and orderly fashion. The producers and suppliers agreed to continue the base period civilian allocations established by the National Production Authority under the Defense Production Act and permit examination of their books by the Department of Commerce to assure that these agreements were being kept. These arrangements are being carried out, and the Government-owned supply of nickel is being allocated so as to complement this voluntary allocation system.

Mr. Mueller, Assistant Secretary of Commerce for Domestic Affairs, in his testimony of May 31, 1956, before the Senate Select Committee on Small Business, gave the following description of the operations of the present voluntary allocation system:

> Of great practical significance has been the position of the International Nickel Co. as the predominant producer-supplier. This has enabled it to adjust its distribution to take into account quantities of nickel received by its customers from other suppliers. Inco apportions its deliveries on a basis which takes into account the consumer's individual historical use during a base period. Appropriate adjustment is made for such factors as loss of nickel consumption during the period of Government use of restrictions, new entry into business and the like. The plating suppliers in turn adhere to a practice of distributing the nondefense nickel received by them to their plating customers on the basis of their respective average monthly base purchases during the most favorable of the following 6-month periods: First half of 1949, second half of 1949, or first half of 1950. Here, again, provision is made to accommodate the needs of new platers to a limited extent.

When the distributor of Government-owned Nicaro Nickel receives a request from potential new customers, the application is referred to the GSA for credit reference. The GSA has in the past requested the Department of Commerce to advise the GSA whether the potential customer is a bona fide nickel consumer and not a person who seeks to purchase nickel solely for the purpose of resale. The Department of Commerce advice is limited to a description of the known nickel-consuming history of the potential customer and recommendation of action on application of customer. GSA as the administering agency of the Nicaro operations makes the decision.

In authorizing diversions of premium-price nickel the Government specifies that the nickel is to be distributed in a fair and equitable manner.

Mr. Mueller referred in this testimony to the cooperation and willingness of the producers and suppliers "in subjecting their dealings and records to Government inquiry and inspection as requested." The scope of these inquiries is indicated by the following statement from the same statement by Mr. Mueller:

Now, I should like to refer briefly to certain other activities of the Department of Commerce in connection with civilian acquisition of nickel. During the past year over 300 inquiries were received by the Department from persons who indicated that they felt they were not receiving their fair share of nickel supplies. Every one of these was checked into by the Business and Defense Services Administration, and only in one case did we find that the complainant had not received his fair share. This situation was promptly corrected by the supplier when called to his attention by us.

In the Commerce Department report, A Review of Nickel in the United States, 1946 to 1956," issued December 1955, the active part played by the Government in the present distribution system is made clear in the following:

Question. What steps are taken by the Government to assure equitable distribution of nickel?

Answer. BDSA personnel conduct a monthly audit of nickel distribution by nickel producers in order to make sure that some nickel consumers do not get more than their fair share. This is done by BDSA personnel matching up the order boards of nickel producers in order to insure that consumers do not place duplicate orders with different suppliers. In addition, the order boards of the nickel plating suppliers are audited periodically. The most recent audit was conducted during September of this year. In this way any inequities can be corrected quickly.

Dr. Flemming's understanding of the present place of the Government in allocating nickel differed sharply, as did his views on the desirability of Government participation in informal controls:

Although liaison has been maintained in this manner it should be emphasized that the Government has made no effort to adjudicate conflicting claims within the civilian

economy for nickel. Any effort to do so would represent a step in the direction of controls.

For example, the Government might be impressed with the case made by a claimant. It might indicate to a producer that it was impressed with his claim. The producer might act. If he did so, he would be reducing the supply available to other claimants. These other claimants would then present their cases to the Government. The Government, in all fairness, would have to look at their claims. If it decided that one of the new claimants had established a case for different treatment than it was receiving, it would find itself in a position where, in all fairness, it should so indicate to the producers.

The Government would then be in the business of controlling the distribution of nickel within the civilian economy in an informal manner. Formal control over the distribution of nickel in the civilian economy would bring a great many liabilities in its wake. Informal controls would create even more serious liabilities. If we are going to have controls, they should be formal controls so that everyone knows the rules of the game (prepared statement of Dr. Flemming for the Senate Select Committee on Small Business, May 31, 1956).

The committee is not satisfied with the present nickel situation:

1. The committee does not agree with the Department of Commerce that the present distribution of nickel is equitable and that every user of nickel has received his fair share. On the contrary, the committee feels the present situation is unfair, confusing and chaotic.

2. The committee does not agree that the present voluntary allocation system constitutes either freedom from Government control or free competitive private enterprise. On the contrary, the committee considers that the present distribution system involves an undesirable kind of informal control, subject to no formal rules or procedures.

3. The committee feels that when defense requirements take so much of the available supply of a material that the civilian market is seriously dislocated, threatening many independent small businesses with extinction, the Government cannot wash its hands of responsibility. Under these conditions the Government is under a duty to take all practicable steps to alleviate the situation caused by the requirements of defense.

Nickel Survey

While recent hearings have brought to light considerable information about the nickel situation, the committee was not satisfied that the full story is yet revealed.

Accordingly, the committee approved the provision of H. R. 9852 which would require the Secretary of Commerce to make a special investigation and study of the production, allocation, distribution and use of nickel, of its resale of scrap, and of other aspects of the current situation with respect to the supply and marketing of nickel, including particularly the adequacy of the present system of nickel allocation

between defense and civilian users. The Secretary is required to consult with the Joint Committee on Defense Production during the investigation and study on the progress achieved and the results obtained. The Secretary is required to make an interim report by July 15, 1956, and a final report by December 31, 1956. These reports will include the results of the investigation and such recommendations as the Secretary deems advisable.

In making this investigation and study, and in formulating the recommendations thereon, the Secretary of Commerce should consult with and obtain the advice of the Small Business Administrator and the Attorney General.

Amendment to Section 701 (c)

The committee found that the Office of Defense Mobilization and the Department of Commerce were in disagreement, and in some confusion, on the matter of their authority under the Defense Production Act.

The Department of Commerce has expressed the following view, in a letter of April 25, 1956:

> As you doubtless know, Government is without authority to direct or request a supplier to provide any particular quantity of nickel for nondefense uses (Congressional Record, May 31, 1956, p. 8433).

Dr. Flemming, on the other hand, gave the following testimony before the committee:

> As we interpret, of course, section 101 (b), to which you have referred, it lays down the policy under which the President could move in and exercise control of materials over the civilian market. In other words, when these conditions prevail, he may then exercise those controls if he so desires. I am sure that someone could make a pretty good case for saying that the nickel situation comes within the purview of the language of 101 (b), which conceivably could put the executive branch in a position where it could legally decide to control the general distribution of nickel in the civilian market. It could do it legally.
>
> As a matter of policy, we do not feel that that is the thing to do, because we do not feel that that would provide any real solution to the difficult problem that confronts us in the field of nickel at the present time (hearings, pp. 37–38).

Section 101 (a) of the Defense Production Act contains the same broad and flexible priority and allocation powers that were granted in 1950. Under these powers, many different forms of controls can be exercised, including full allocation of the entire supply of a material, end use restrictions, conservation measures, priorities for military requirements, and other appropriate measures of control.

Section 101 (b) was enacted in 1953. This provided that the priority and allocation powers should not be used "to control the general distribution of any material in the civilian market" unless certain criteria were satisfied. The attention of the Office of Defense Mobilization and the Department of Commerce is called to the fact that the restrictions of section 101 (b) only apply to controls over the

general distribution of a material in the civilian market. Other uses of the priority and allocation powers than control over the general distribution in the civilian market are not restricted in any way by section 101 (b), for example end use restrictions, a setaside for independent small business, inventory restrictions, and similar controls falling short of control over the general distribution in the civilian market.

Under section 101 (b), control over the general distribution of a material in the civilian market may be exercised only when the President finds—

> (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

It is interesting to note the statements made by the House Committee on Banking and Currency at the time that committee recommended approval of section 101 (b):

> Nickel at present provides an excellent illustration of the need of authority to provide for equitable distribution of available civilian supplies. It is estimated that during 1953 the military, AEC, and stockpile will take more than one-half of the total supply. These requirements are so heavy as to make it necessary to apportion, as equitably as possible, the residual supply among civilian uses (H. Rept. No. 516, 83d Cong., 1st sess., p. 5).

In order to provide additional assistance for firms which are unable to obtain needed supplies of scarce materials because of the size of the defense requirements, the committee adopted an amendment to section 701 (c). This amendment would apply when the fulfillment of military requirements under the authority of the act creates a significant dislocation of the normal distribution of a material in the civilian market, causing appreciable hardship. Under such circumstances, the President would be required to exercise such controls under the act as he deemed necessary to make available for businesses in the normal channels of distribution in the civilian market a fair share of the remaining civilian supply, giving due consideration to the needs of new businesses, to individual hardships, and to small firms.

The amendment does not specify what forms of control the President shall exercise. Its requirements are limited to such steps as the President may find practicable. Control over the general distribution of a material in the civilian market would still be subject to the requirements of section 101(b). And finally, the President is not required to take any action unless he finds that it will alleviate the hardships without having an unfavorable effect on the civilian economy as a whole.

The committee felt it appropriate to permit the President the widest leeway in carrying out this section, and therefore included in the amendment ample assurance that the President would not be required to take impracticable or harmful steps. At the same time, the committee wished to make it entirely clear that the President

would have the authority, and the duty, to take all practicable steps to prevent or alleviate the dislocations and hardships caused to the civilian economy by the necessary fulfillment of extraordinary defense requirements.

Expansion of Productive Capacity and Supply

This authority found in title III of the act authorizes the use of various incentives to expand productive capacity and supply needed for the mobilization base. Of the 227 expansion goals established, objectives have been reached in over 150 cases and only 32 now remain open. It is recognized, of course, that maintenance of the mobilization base is not a static concept and that it must be adapted to meet changing conditions.

Section 301 of this title contains loan-guaranty provisions which are extensively used by the Department of Defense. Through December 31, 1955, guaranties aggregating $2 billion had been authorized by the Department of Defense under this section. The amount outstanding on that date on the loans covered by these guaranties was $452 millions, of which $337 million was guaranteed.

The lending and loan-guaranty authority provided in section 302 has not been extensively used, as much of the programed mobilization plant expansion has been financed by private capital with no Government assistance other than rapid tax amortization. It is of interest to note, however, that in keeping with powers to maintain, protect, or reconstruct the mobilization base, 7 loans totaling $13.9 million were made under section 302 authority in disaster areas following the hurricanes last fall for the reconstruction, rehabilitation, or replacement of mobilization base facilities.

Extensive use has been made of the procurement authority provided in section 303. As of the close of 1955, purchases aggregating $4 billion had been completed under this section, with another $2.8 billion remaining in process. The expansion of productive capacity and the supply of strategic and critical materials, together with our stockpiling activities, has substantially reduced the threat of wartime shortages of such materials for defense purposes.

Section 303 (a) authorizes the President to make purchases or commitments to purchase metals, minerals, and other materials for Government use or resale and to encourage the exploration, development, and mining of critical and strategic minerals and metals, subject to certain limitations specified in the section. Section 303 (b) authorizes these purchases and commitments up to June 30, 1963. Consistent with the extension of the act for 2 years, as proposed in section 1 of the bill, the bill also extends the date to which these purchases and forward commitments may be made for 2 years, to June 30, 1965. This extension is necessary in order to help in bringing about the necessary exploration, development, and mining of essential minerals and metals.

Voluntary Agreements

Under section 708 of the Defense Production Act the President is authorized to grant an exemption from the antitrust laws for actions taken by private businesses in accordance with requests by the President or his delegate pursuant to voluntary agreements and

programs approved under the section. Section 708 required that if the President delegates this authority, the voluntary agreements and programs must be approved by the Attorney General.

This provision was amended in 1955 to provide that the only kind of new agreements under this section that could be entered into were those relating solely to the exchange between actual or prospective contractors of information, materials, and personnel concerning equipment being procured by the military. No new nonmilitary agreements were permitted. Under these "military" voluntary agreements and programs, contractors and prospective contractors are able to exchange production techniques and information. The military benefits from these agreements, because its various contractors get the results of any improvements in techniques developed by the contractors and the equipment procured is therefore better and cheaper. The contractors, without the exemption from the antitrust laws provided by these agreements under section 708 would ordinarily not be able to engage in such exchanges of information and techniques.

The Attorney General was also required by the 1955 amendments to review each outstanding voluntary agreement and program under the section and to withdraw his approval, if he found that the adverse effect of an agreement or program on the competitive, free-enterprise system outweighed the benefits of the agreement or program to the national defense. This determination was required to be made within 90 days after the enactment of the 1955 amendments.

The Attorney General has made the review and has filed 3 quarterly reports and 1 supplementary report concerning his review and determinations. Most of the agreements were handled promptly, either by termination in those cases where they were found no longer necessary or by a favorable determination. In two cases, however, the Attorney General was unable to act with the promptness required by the 1955 amendments—the foreign petroleum supply agreement and the tanker capacity contribution agreement. In both of these cases the Attorney General found that the adverse effects of the agreements on the competitive free-enterprise system, in their present forms, outweighed the benefits of the agreements to the national defense. The antitrust problems raised in the foreign petroleum supply agreement by the activities of the committee of representation of the petroleum industry formed under the agreement were set forth in the Attorney General's Supplementary Report of February 20, 1956.

> First, as I have indicated, this Department felt operations under the agreement raised real antitrust problems. Careful examination of committee [the committee of oil company representatives] reports and minutes of meetings disclose that members discussed, on at least a country-by-country basis: storage facilities, estimated petroleum requirements of each country, estimated crude production, estimated refinery output, consumption in relation to refinery output, aviation gasoline stocks, and pipeline facilities.
>
> Further, (*a*) ownership and capacities of storage facilities were discussed, (*b*) discussion of country requirements included *current* and *future* as well as past requirements, (*c*) the report on refinery operations included the capacities of *each* refinery and total capacities on a country and geograph-

ical area basis, and (*d*) each member submitted information on its own pipeline systems all over the world. These discussions let me emphasize, took place at the request of some interested Government agency.

Interior urged that individual company figures and estimates regarding requirements and production generally were not discussed, except with respect to aviation gasoline. However, the Committee's staff, appointed by members of the Committee, and made up largely of oil company employees, often, if not normally, received individual company figures and estimates. Contrary to Interior's apparent view, we felt this in effect meant communication of one competitor's production estimates to another.

This procedure takes on meaning in light of the fact that the 14 agreement members include 5 of the principal defendants, and 6 more of the alleged coconspirators, affiliates or subsidiaries of defendants in the Government's oil cartel suit. The prime offense, there alleged, is a division of world markets aided, partially at least by information not unlike that discussed at this Committee's meetings. (Report on Review of Voluntary Agreement Program under Defense Production Act, committee print, Senate Banking and Currency Committee, February 28, 1956, 84th Cong., 2d sess., p. 55–56.)

The Attorney General reported that he had required amendments to the agreement eliminating these antitrust problems, which had been accepted by the Office of Defense Mobilization and the Departments of Interior and Commerce. Corresponding amendments were required and agreed to in the case of the tanker capacity contribution agreement. The Attorney General's report of May 9 stated that requests to participate in the amended agreements were forwarded to participants in the agreements on April 17, 1956, and May 8, 1956, respectively.

Elimination of the antitrust problems involved in these voluntary agreements, resulting from the amendments proposed by the committee in 1955, is a source of satisfaction to the committee. However, regret must be expressed that it required almost 9 months to bring about these amendments, although the act required that the determination should be made by the Attorney General within 90 days.

The Attorney General initially raised a question whether the responsibility imposed on him to determine whether the adverse effects of a voluntary agreement in the free competitive enterprise system outweighed its benefits to the national defense was applicable to future approvals of subsequent voluntary agreements or to a continuing review of outstanding agreements, or whether this responsibility was applicable only to the initial review of outstanding agreements required by the 1955 amendments. However, the Attorney General has accepted the view that his responsibility for this determination is applicable to future new agreements and to the continuing review of outstanding agreements.

The committee also noted with approval the Attorney General's view that the provisions in the foreign petroleum supply agreement and the tanker capacity contribution agreement for future allocation

programs covering petroleum and tanker capacity (subject to future approval of any such programs by the Attorney General) were valid and appropriate under the section as amended in 1955.

Industry Paid Employees

Executive Order 10647 and other orders were issued to put into effect the 1955 amendments relating to industry paid employees (also called without compensation or WOC employees). The Department of Commerce furnished the Committee information concerning the methods of appointment of these employees and the measures which were being taken to prevent them from getting into positions where the interests of their private employers might conflict with their public duties and responsibilities.

The following statement of Secretary of Commerce Weeks sets forth the efforts made to obtain full-time Government employees:

> In each case prior to approval of the appointment of the individual on a WOC basis our Office of Personnel Management endeavors to locate candidates to fill the position on a full-time salaried basis. In doing so it gives consideration to (1) employees currently employed in the Business and Defense Services Administration, (2) former employees on the Department's reemployment priority list, (3) applications retained in the applicant file, and (4) such other sources of likely personnel as are available and appropriate (hearings, p. 154).

However, a number of the individual job descriptions of these employees indicate that the position is set up for WOC employees; for example, a number of job descriptions contain such statements as the following:

> The policy of rotating division directors from different industries on a WOC basis makes it desirable to select men who are able to quickly grasp new concepts, limitations, and apply previous experience to entirely new and novel situations (hearings, p. 163).

This apparent inconsistency is called to the attention of the Secretary of Commerce and the Civil Service Commission.

Provisions in the Executive order and in the Department of Commerce procedures warn these employees of the conflict of interest problems. The Commerce Department has furnished a list of typical examples of policy decisions made by responsible full-time salaried officials with respect to which the employee's role is limited to advising such officials.

> (*a*) The issuance by the agency of orders and regulations aimed to insure the prompt delivery of materials and products needed for current military and Atomic Energy Commission production and construction programs. Such regulations establish priorities to be accorded defense-rated orders, and include the series of regulations commonly referred to as the defense materials system. Of similar import are decisions to amend and modify these regulations from time to time as circumstances require.

(*b*) The issuance of delivery directives pursuant to existing regulations and orders.

(*c*) The establishment of set-asides pursuant to existing regulations or orders.

(*d*) The granting of exceptions and adjustments to individuals or firms affected by existing regulations or orders in a manner causing undue hardship not suffered by others in the industry.

(*e*) The adoption of appropriate standby orders and regulations for promulgation in the event of an emergency.

(*f*) The recommendation of expansion goals to the Office of Defense Mobilization (hearings, p. 110).

The committee urges that the greatest of care and good judgment should be exercised in making use of these industry-paid employees, under the exemption from the conflict of interest statutes. It is recognized that in time of war or full mobilization their services, under proper safeguards, are essential to the national security. There is real danger that unnecessary and injudicious use of these employees at the present time, when the patriotic incentives are less compelling, may result in unfortunate occurences, which would make it more difficult or perhaps impossible to make use of them when needed in a later period of war or full mobilization. Such a result would indeed be harmful to the national security.

Executive Reserve Program

The Defense Production Act amendments of 1955 authorized a new executive reserve program under which each agency having mobilization responsibilities is authorized to set up and train a reserve of persons from private life and from government to fill executive positions in the Federal Government in time of mobilization. Under this program the agencies will select persons qualified to fill key positions and will secure their agreement, backed up by their employers, to be available for service in the event of mobilization. Reservists will be trained in the operations of the Government as well as in the various mobilization plans of importance to their wartime posts. The immediate availability of such a reserve will meet one of the most difficult problems of a rapid, full-scale mobilization.

These persons, as long as they continue in the executive reserve, would not be Government employees in any sense of the word. They would not fill any positions; they would not take any action; they would not even give advice to Government officials or consult with them. Executive Order 10660 setting up the reserve provides in part as follows:

> Sec. 5. Activities of persons by reason of designation as executive reservists under this order shall not include acting or advising on any matter pending before any department or agency but shall be limited to receiving training for mobilization assignments under the reserve program (hearings, p. 50).

If the occasion should arise for a member of the executive reserve to fill a Government position or to become an adviser or consultant, he would have to be appointed under an appropriate statute, either as a regular full-time salaried Government employee, as a "without

compensation" employee, or as a part-time adviser or consultant. At that time he would be fully subject to all the requirements applicable to the position to which he was appointed.

Under these conditions the committee did not feel that there was any need to require persons appointed to the executive reserve to file a statement in the Federal Register setting forth their financial interests as is required in the case of "without compensation" employees. Accordingly, the committee did not approve and does not recommend enactment of the amendment relating to executive reservists proposed in the House bill.

Payment of Expenses of Joint Committee

Section 712 (c) provides that the expenses of the Joint Committee on Defense Production (limited to $65,000 in any fiscal year) shall be paid half from the contingent fund of the Senate and half from the contingent fund of the House of Representatives. Under this provision the House disbursing officer makes all the payments for committee expenses and every 6 months is reimbursed by the Senate disbursing officer for half the payments to date. The House disbursing officer sets up a reserve of the entire $65,000 to meet this obligation and the Senate disbursing officer sets up a reserve of half the amount, $32,500. This means that at the start of each year, the combined reserve is $97,500. These reserves must be held for 2 years after the year in question, before return to the Treasury.

It has been proposed that this unnecessary bookkeeping and these unnecessary reserves be eliminated by having all the expenses of this committee paid from the House contingent fund. This is acceptable to the disbursing officers of the Senate and the House, and is consistent with the practice followed in other joint committees.

Changes in Existing Law

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

DEFENSE PRODUCTION ACT OF 1950

* * * * * * *

DECLARATION OF POLICY

Sec. 2. In view of the present international situation and in order to provide for the national defense and national security, our mobilization effort continues to require some diversion of certain materials and facilities from civilian use to military and related purposes. It also requires the development of preparedness programs and the expansion of productive capacity and supply beyond the levels needed to meet the civilian demand, in order to reduce the time required for full mobilization in the event of an attack on the United States.

In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest

of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States. In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act, each department and agency of the Executive Branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities.

TITLE I—PRIORITIES AND ALLOCATION

SEC. 101. (a) The President is hereby authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship.

SEC. 102. In order to prevent hoarding, no person shall accumulate (1) in excess of the reasonable demands of business, personal, or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices, materials which have been designated by the President as scarce materials or materials the supply of which would be threatened by such accumulation. The President shall order published in the Federal Register, and in such other manner as he may deem appropriate, every designation of materials the accumulation of which is unlawful and any withdrawal of such designation. In making such designations the President may prescribe such conditions with respect to the accumulation of materials in excess of the reasonable demands of business, personal, or home consumption as he deems necessary to carry out the objectives of this Act. This section shall not be construed to limit the authority contained in sections 101 and 704 of this Act.

SEC. 103. Any person who willfully performs any act prohibited, or willfully fails to perform any act required, by the provisions of

this title or any rule, regulation, or order thereunder, shall, upon conviction, be fined not more than $10,000 or imprisoned for not more than one year, or both.

* * * * * * *

SEC. 303. (a) To assist in carrying out the objectives of this Act, the President may make provision (1) for purchases of or commitments to purchase metals, minerals, and other materials, for Government use or resale; and (2) for the encouragement of exploration, development, and mining of critical and strategic minerals and metals: *Provided, however,* That purchases for resale under this subsection shall not include that part of the supply of an agricultural commodity which is domestically produced except insofar as such domestically produced supply may be purchased for resale for industrial uses or stockpiling, and no commodity purchased under this subsection shall be sold at less than the established ceiling price for such commodity (except that minerals and metals shall not be sold at less than the established ceiling price, or the current domestic market price, whichever is lower), or, if no ceiling price has been established, the higher of the following: (i) the current domestic market price for such commodity, or (ii) the minimum sale price established for agricultural commodities owned or controlled by the Commodity Credit Corporation as provided in section 407 of Public Law 439, Eighty-first Congress: *Provided further, however,* That no purchase or commitment to purchase any imported agricultural commodity shall be made calling for delivery more than one year after the expiration of this Act.

(b) Subject to the limitations in subsection (a), purchases and commitments to purchase and sales under such subsection may be made without regard to the limitations of existing law, for such quantities, and on such terms and conditions, including advance payments, and for such periods, but not extending beyond [June 30, 1963], *June 30, 1965,* as the President deems necessary, except that purchases or commitments to purchase involving higher than established ceiling prices (or if there be no established ceiling prices, currently prevailing market prices) or anticipated loss on resale shall not be made unless it is determined that supply of the materials could not be effectively increased at lower prices or on terms more favorable to the Government, or that such purchases are necessary to assure the availability to the United States of oversea supplies.

* * * * * * *

TITLE VII—GENERAL PROVISIONS

SEC. 701. (a) It is the sense of the Congress that small-business enterprises be encouraged to make the greatest possible contribution toward achieving the objectives of this Act.

(b) In order to carry out this policy—

(i) the President shall provide small-business enterprises with full information concerning the provisions of this Act relating to, or of benefit to, such enterprises and concerning the activities of the various departments and agencies under this Act;

(ii) such business advisory committees shall be appointed as shall be appropriate for purposes of consultation in the formulation of rules, regulations, or orders, or amendments thereto issued under authority of this Act, and in their formation there shall be fair repre-

sentation for independent small, for medium, and for large business enterprises, for different geographical areas, for trade association members and nonmembers, and for different segments of the industry;

(iii) in administering this Act, such exemptions shall be provided for small-business enterprises as may be feasible without impeding the accomplishment of the objectives of this Act; and

(iv) in administering this Act, special provision shall be made for the expeditious handling of all requests, applications, or appeals from small-business enterprises.

* * * * * * *

SEC. 701. (c) Whenever the President invokes the powers given him in this Act to allocate any material [in the civilian market, he shall do so in such a manner as] *and finds that such action will result in a significant dislocation of the normal distribution of such material in the civilian market, to such a degree as to cause appreciable hardship, he shall, whenever he finds that such action will alleviate such hardship without having an unfavorable effect on the civilian economy as a whole, exercise such controls under this Act as he may deem necessary* to make available, so far as practicable, for business and various segments thereof in the normal channel of distribution of such material, a fair share of the available civilian supply based, so far as practicable, on the share received by such business under normal conditions during a representative period preceding any future allocation of materials: *Provided*, That the President shall, in the allocation of materials in the civilian market, give due consideration to the needs of new concerns and newly acquired operations, undue hardships of individual businesses, and the needs of smaller concerns in an industry.

(d) In order to further the objectives and purposes of this section, the Office of Defense Mobilization is directed to investigate the distribution of defense contracts with particular reference to the share of such contracts which has gone and is now going to small business, either directly or by subcontract; to review the policies, procedures, and administrative arrangements now being followed in order to increase participation by small business in the mobilization program; to explore all practical ways, whether by amendments to laws, policies, regulations, or administrative arrangements, or otherwise, to increase the share of defense procurement going to small business; to get from the departments and agencies engaged in procurement, and from other appropriate agencies including the Small Business Administration, their views and recommendations on ways to increase the share of procurements going to small business; and to make a report to the President and the Congress, not later than six months after the enactment of the Defense Production Act Amendments of 1955, which report shall contain the following: (i) a full statement of the steps taken by the Office of Defense Mobilization in making investigations required by this subsection; (ii) the findings of the Office of Defense Mobilization with respect to the share of procurement which has gone and is now going to small business; (iii) a full and complete statement of the actions taken by the Office of Defense Mobilization and other agencies to increase such small business share; (iv) a full and complete statement of the recommendations made by the procurement agencies and other agencies consulted by the Office of

Defense Mobilization; and (v) specific recommendations by the Office of Defense Mobilization for further action to increase the share of procurement going to small business.

* * * * * * *

SEC. 712. (a) There is hereby established a joint congressional committee to be known as the Joint Committee on Defense Production (hereinafter referred to as the committee), to be composed of ten members as follows:

(1) Five members who are members of the Committee on Banking and Currency of the Senate, three from the majority and two from the minority party, to be appointed by the chairman of the committee; and

(2) Five members who are members of the Committee on Banking and Currency of the House of Representatives, three from the majority and two from the minority party, to be appointed by the chairman of the committee.

A vacancy in the membership of the committee shall be filled in the same manner as the original selection. The committee shall elect a chairman and a vice chairman from among its members, one of whom shall be a member of the Senate and the other a member of the House of Representatives.

(b) It shall be the function of the committee to make a continuous study of the programs and of the fairness to consumers of the prices authorized by this Act and to review the progress achieved in the execution and administration thereof. Upon request, the committee shall aid the standing committees of the Congress having legislative jurisdiction over any part of the programs authorized by this Act; and it shall make a report to the Senate and the House of Representatives, from time to time, concerning the results of its studies, together with such recommendations as it may deem desirable. Any department, official, or agency administering any of such programs shall, at the request of the committee, consult with the committee, from time to time, with respect to their activities under this Act.

(c) The committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places, to require by subpena (to be issued under the singature of the chairman or vice chairman of the committee) or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 40 cents per hundred words. The provisions of sections 102 to 104, inclusive, of the Revised Statutes shall apply in case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this subsection.

(d) The committee is authorized to appoint and, without regard to the Classification Act of 1949, as amended, fix the compensation of such experts, consultants, technicians, and organizations thereof, and clerical and stenographic assistants as it deems necessary and advisable.

[(e) The expenses of the committee under this section, which shall not exceed $65,000 in any fiscal year, shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund

of the House of Representatives upon vouchers signed by the chairman or vice chairman. Disbursements to pay such expenses shall be made by the Clerk of the House of Representatives out of the contingent fund of the House of Representatives, such contingent fund to be reimbursed from the contingent fund of the Senate in the amount of one-half of disbursements so made without regard to any other provision of law.]

(e) *The expenses of the committee under this section, which shall not exceed $65,000 in any fiscal year, shall be paid from the contingent fund of the House of Representatives upon vouchers signed by the Chairman or Vice Chairman.*

(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of its resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an interim report on the results of the investigation and study on or before July 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session).

* * * * * * *

SEC. 717. (a) Title I (except section 104), title III, and title VII (except section 714) of this Act, and all authority conferred thereunder, shall terminate at the close of [June 30, 1956.] *June 30, 1958.* Section 714 of this Act, and all authority conferred thereunder shall terminate at the close of July 31, 1953. Section 104, title II, and title VI of this Act, and all authority conferred thereunder shall terminate at the close of June 30, 1953. Title IV and V of this Act, and all authority conferred thereunder, shall terminate at the close of April 30, 1953.

(b) Notwithstanding the foregoing—

(1) The Congress by concurrent resolution or the President by proclamation may terminate this Act prior to the termination otherwise provided therefor.

(2) The Congress may also provide by concurrent resolution that any section of this Act and all authority conferred thereunder shall terminate prior to the termination otherwise provided therefor.

(3) Any agency created under this Act may be continued in existence for purposes of liquidation for not to exceed six months after the termination of the provision authorizing the creation of such agency.

* * * * * * *

INDIVIDUAL VIEWS OF MR. BUSH

While I favor a reasonable extension of the present provisions of the Defense Production Act of 1950, as amended, I strongly oppose the "geographical dispersal" amendment added to the bill by a vote of only 6 members of our 15-man committee.

I oppose the proposed amendment because—

1. It greatly overemphasizes the importance of dispersal of industry as a measure of national security.
2. It creates a grave danger that decision-making Federal officials would be exposed to heavy political pressures in procurement and in location of industrial facilities.
3. Instead of strengthening the national defense, it could seriously weaken our mobilization base by forcing dislocations in the industrial and social structures.

DISPERSAL ONLY ONE FACTOR

In an age of rapid development of guided missiles with atomic warheads, no one conscious of the national security would deny that geographical dispersal is a factor which should be taken into consideration. But it is only one factor, and in many cases by no means the most important. An industrial establishment at the South Pole would undoubtedly satisfy the aim of locating plants at a desirably safe distance from the striking base of our present potential enemy. By the same token, if we were to locate all new industrial facilities solely in United States territories in the Pacific and Caribbean, we would come close to achieving maximum geographic dispersal on soil under United States control, considering the industrial development already existing on the mainland. But it is apparent that such action would not best contribute to the efficient economic mobilization of United States resources.

OTHER FACTORS

Other factors that come readily to mind in the economic evaluation of plant location are as follows:

1. Convenient availability of production materials.
2. Adequacy and productivity of labor.
3. Availability of adequate industrial fuel.
4. Sufficiency of transportation facilities.
5. Proximity to markets.
6. Adequacy of distribution facilities.
7. Dependability of power and water.
8. Acceptability of living conditions, including adequacy and cost of housing and community facilities (stores, schools, places of worship, hospitals, water and sewer systems, power and fuel, cultural and recreational facilities).
9. Availability of adequate sites.

10. Favorability of construction costs.
11. Acceptability of climate.
12. Ready accessibility to servicing, repair and replacement facilities for machinery, components and parts.
13. Attractiveness of tax structure.
14. Acceptability of State and local laws and regulations.
15. Overall economy and efficiency of operation.
16. Ability to meet deadlines for timely delivery of end products at specified places.
17. In the case of a defense plant, proximity to supply of capable employees who become available for defense work as production for civilian use dwindles during a national emergency.

In time of national emergency, the best production with the least possible amount of money is called for, in view of the tremendous costs necessarily heaped upon the American taxpayer during such an emergency, and the need for obtaining the optimum return from the use of each dollar in order to protect the solvency of the Nation and dampen tendencies toward inflation.

As noted by one of our senatorial colleagues experienced in industrial operation, there are some 40 to 50 different considerations a private firm bears in mind in deciding upon a location for its activities.

In large measure, these have determined the present pattern of industrial location. In the absence of any dispersal requirement, industrial facilities in World War II sprang up in many sections of the Nation. Their location was not dictated solely by dispersal considerations, even when constructed by the Federal Government itself. Since the end of the war, factors apart from national defense considerations have prompted continuation of the trend to decentralize industry into small communities.

Even the Federal official chiefly relied upon by the proponents of the amendment has testified:

> I have taken this position consistently: That dispersal as an objective cannot be the only objective that can be taken into consideration. I have stressed a great many times my own feeling that one of the objectives we have to keep in mind in this country at all times is an effective functioning urban economy. (See testimony of Dr. Arthur S. Flemming, Director, Office of Defense Mobilization, given to Subcommittee on Production and Stabilization of United States Senate Committee on Banking and Currency on April 23, 1956, relative to S. 3407, hearings, p. 12).

Yet the amendment would amend the basic declaration of policy of the Defense Production Act of 1950 by referring only to the policy of geographic dispersal of industrial facilities. While it closes with the condescending note that it is not to "preclude the use of existing industrial facilities," it contains no positive declaration of purpose to encourage the use of existing industrial facilities. By contrast, the current Department of Defense Directive No. 5220.5, dated November 17, 1955, affirmatively requires:

> Every effort will be made to require the use of existing facilities before new facilities are constructed.

The directive expressly recognizes that use of existing facilities is required in order to avoid the excessive cost and resulting social dislocation attendant upon their abandonment.

BROAD SCOPE OF AMENDMENT

Nor does the amendment limit its application to defense plants. It expressly mandates all departments and agencies in the executive branch to apply the principle of geographic dispersal in the following cases:

1. Construction of any Government-owned industrial facility;
2. Aid through Government financial assistance to the construction, expansion, or improvement of any industrial facility; and
3. Procurement of goods and services;

whether these actions are taken under the Defense Production Act of 1950 or any other act.

These pervasive directives are included with a purported congressional declaration of policy to promote geographical dispersal of industrial facilities of the United States and to discourage their concentration in limited geographical areas vulnerable to enemy attack.

The amendment would become a new section to the present well-rounded declaration of policy in the Defense Production Act of 1950. As now stated, that policy notes that our mobilization effort continues to require diversion of certain materials and facilities from civilian use to military and related purposes. It further states that this requires development of preparedness programs and expansion of productive capacity and supply beyond levels needed to meet civilian demand. It asserts such development and expansion is needed to reduce the time required for full mobilization in event of attack.

It will be noted that this language is all hinged to our mobilization effort. The amendment introduces the seemingly parallel and equal goal of geographical dispersal of industrial facilities in the United States.

It ignores the fact that many other considerations must be weighed in arriving at the important decision as to the best geographical grouping of the United States industrial complex in the interest of national defense. This grouping should serve the purpose of providing a readily expandable and efficient base for economic mobilization at a minimum cost.

SIMILAR AMENDMENT REJECTED IN 1951

One of our former colleagues described a similar, but less virulent proposed amendment offered unsuccessfully in 1951 to this same statute, as a pork-barrel amendment. The undignified attempt to wrap the barrel in the bunting of national security failed to disguise its true nature. Even the sponsor of this present dispersal amendment joined with 55 of his colleagues in defeating the earlier amendment in 1951 by a vote of 56 to 25, with 2 absentees recording the fact that they would also have voted against the amendment had they been present.

The amendment thus defeated by a better than 2 to 1 vote was less obnoxious than the dispersal amendment in the present bill, because it was not mandatory and it considered the factors of availability of labor and natural resources as well as vulnerability to attack. More-

over, it made no pretence of using the Federal Government's vast and important procurement powers as a means of compelling dispersal.

The arguments used in successfully defeating that proposed amendment are fully as applicable to the present dispersal amendment—in some cases to an even greater degree. These arguments may be summarized as follows:

1. Would remove industry from areas in which a speedy stepup in defense production is possible when civilian-use production slackens.
2. Increases costs to Federal Government (causes decline in tax proceeds due to larger depreciation allowances; compels Government as purchaser of end product to pay higher purchase price; requires Federal financial aid to provide new housing, schools, hospitals, water and sewer systems, and general community facilities).
3. Slows production due to difficulty of attracting capable labor and management to new areas lacking acceptable living conditions.
4. The present industrial location pattern is shaped by overall efficiency and economy—not by fortuity.
5. Forced dispersal interferes with pattern of successful production of best product in shortest time at least expense.
6. If suitable or efficient, areas of our Nation favored by a dispersal requirement would develop an industrial economy anyway.
7. Stagnates existing industrial areas, depriving them of increased efficiency and economy possible through expansion there.
8. Wastes and depreciates value of housing and community facilities readily available in such areas.
9. Leads to wasteful use of Federal funds.
10. Foreshadows Federal measures to freeze labor to jobs in order to make feasible continued operation of forcibly dispersed plants.
11. Opens the door to political pressure in the location of new industrial facilities, using Federal tax funds as an incentive or a blackjack, as required.
12. Places dictatorial power in the hands of nonelected Federal officials, enabling them to favor certain regions over others by using a test not necessarily in the best interest of national defense.
13. The amendment is an unwarranted interference with the balanced judgment of both Government and industry officials in deciding the best location for industrial facilities in the interest of national defense.
14. The initiative of small business working in a free-enterprise system itself leads to dispersal of industry.
15. The amendment embodies a wasteful proposal demanding costly construction of schools, streets, and other community facilities in the vicinity of the new plant sites.

SIMILAR PROVISION ALSO DEFEATED IN 1944

In 1944, a similar effort opposed as forcing an unnatural and uneconomic dispersal of industry also was defeated in the United States Senate. Thus, the present dispersal amendment is not a new idea, but a rehash of earlier proposals twice defeated by this same body.

CHANGES IN ATTACK TECHNIQUES DECREASE VALUE OF DISPERSAL

In successfully opposing the amendment proposed in 1951, the present minority leader noted the swiftly changing pattern of acceptable security measures. Decisions made in the light of obsolete or

obsolescent security patterns would result in an unwise location of new and immobile industrial facilities. He noted that accompanying the development of the nature and destructive power of weapons, areas formerly deemed safe from attack became more vulnerable than those deemed subject to attack. Prior to the development of air power, seaboard areas of the United States were more exposed to enemy attacks than were its inland areas. The coming of airpower abruptly changed this pattern. Inviting attention to this fact in 1951, the distinguished senior Senator from California (Mr. Knowland) stated:

> Today a State in the middle of the country may be closer, across the polar ice cap, to the threat of Soviet agression than is a coastal State. By what standards are we to measure the liklihood that a given area would be subject to air attack?

A mere glance at a map to ascertain great circle distances rudely shakes the idea of increased safety from attack as one leaves the seacoast of the United States. A reorientation of our perspective regarding distances in the United States is called for. From the eye of an observer seated in Moscow, U. S. S. R., Seattle is only 538 miles further than New York City. Chicago is a mere 309 miles more distant from Moscow than New York. Even Los Angeles is only 1,338 miles further than New York.

Absolute distances airline on the great circle route from Moscow to various United States cities are as follows in order of increasing distance:

City	*Miles*	*City*	*Miles*
New York	4, 665	Miami	5, 731
Washington	4, 858	New Orleans	5, 820
Chicago	4, 974	San Francisco	5, 871
Seattle	5, 203	Los Angeles	6, 003

Other places in the U. S. S. R. are even closer to some of these cities. Our usual conception of the United States as being over 3,000 miles across from the Atlantic to the Pacific is faulty in great circle distance terms viewed from locations in the U. S. S. R. Taken alone, therefore, dispersal is far less a potential safety factor than it might otherwise seem.

INCREASE IN DESTRUCTIVE POTENTIAL OF WEAPONS DECREASES VALUE OF DISPERSAL

The recent geometrical increase in destructive capacity of weapons and the increase in ability to direct them to a given target at more and more lengthy distances from the launching site tends to make dispersal per se of even less value as a defensive measure. Considering both the increase in destructive capacity of weapons and the ability to hurl them accurately over extremely long distances, it is safe to assume that the value of dispersal as a protective measure will decrease accordingly.

Emphasizing the obsolescence of recent dispersal policy, Dr. Flemming, Director of the Office of Defense Mobilization, testified that it had become necessary to abandon the so-called mileage standard whereby a line having a 10-mile radius was drawn around an area of industralized concentration and installations beyond the 10-mile perimeter were deemed safe from a dispersal standpoint. He stated

it was abandoned because it was found to be not practical or feasible. Consequently, industrial facilities located in accordance with such dispersal policy no longer met present dispersal standards. Dr. Flemming concluded that in his opinion the best that could be done under present conditions is to consider each industrial facility on a case-by-case basis, weigh all the factors and arrive at the best possible decision. (Hearings on Defense Production Act Amendments of 1956, p. 14.)

AMENDMENT EITHER UNWISE OR REDUNDANT

But Dr. Flemming noted that ODM is presently following that policy and that "Senator Bennett's amendment would not change that one iota." In other words, whatever benefits may be derivable from a dispersal policy, they will not be increased by the present amendment. This leads to the inquiry: Why is the amendment advisable, if it does not add to the power the executive branch already claims to be exercising?

It is claimed it will constitute a confirmation by the Congress of an existing executive policy. But either the amendment will grant new power by legislation or the existing executive policy lacks a statutory basis. In the latter event, the present policy is invalid as an unlawful assumption of legislative power, for the Constitution places all legislative power in the Congress. On the other hand, an amendment purporting to give the Executive branch authority it already possesses is redundant and unnecessary.

As successor to the National Security Resources Board, ODM already has fallen heir to that phase of its duty described in the currently effective National Security Act of 1947 as—

> The strategic relocation of industries, services, Government, and economic activities, the continuous operation of which is essential to the Nation's security.

But this is limited in effect to defense-related activities. It is not nearly as broad in scope as the present dispersal amendment.

In addition to ODM and the Department of Defense, the Department of the Air Force has a current policy on industrial production readiness that includes dispersal as one among many other factors. (See hearings on Defense Production Act Amendments of 1956, pp. 15–19.)

Both Department of the Air Force and the Department of Defense policies modify application of the dispersal policy by considering such other factors as cost, social dislocation, production delay, use of existing plants before constructing new plants, and timely delivery. The directives caution that the urgency of dispersal should always be weighted against the urgency of the requirement for timely delivery of the vital product involved.

DEPARTMENT OF DEFENSE OPPOSES AMENDMENT

It is interesting to note that in his April 30, 1956 letter to Chairman Fulbright of the Committee on Banking and Currency, Secretary of the Air Force Quarles states that the Department of the Air Force, on

behalf of the Department of Defense, does not favor enactment of the present amendment. He explains the Department's position as follows:

> Proper application of the dispersal policy is an extremely complex matter and requires sound judgment and careful consideration of many factors. Each case has its own peculiar circumstances, and therefore, there is no established pattern or formula which gives proper weight to each factor involved. Consequently, it is important that the departments be allowed to exercise their judgment to the fullest extend within the broad policy as already established in existing Executive directives. Particularly in this regard, it is noted that section 2 of S. 2879 would require that "in the procurement of goods and services under any provision of law, the Department of Defense * * * shall apply to the greatest practicable extent the principle of the geographical dispersal of such facilities in the interest of national defense." This provision would require that consideration be given to a broad general principle not always consistent with other procurement objectives. While S. 2879 is entirely consistent in its intent, with existing Department of Defense policy, the very fact that it exists could give rise to question as to its interpretation in individual cases and, in that sense, be confusing. It is therefore felt that the purpose of S. 2879 is clearly recognized and being accomplished under existing directives, and that the enactment of this bill is undesirable.

OTHER REASONS FOR OPPOSITION

Among recorded opposition to the amendment may be noted the following:

The New England Council, Walter Raleigh, executive vice president:

> Established areas present advantages which cannot be overlooked in providing adequate qualitative and quantitative defense production such as a skilled labor force, experienced administrative personnel, research and scientific facilities, as well as completed facilities of all kinds (hearings, p. 127).

The New England Governor's Conference, Hon. Dennis J. Roberts, Governor of Rhode Island:

> Location of industry away from sources of raw materials and labor and efficient production will only increase cost and reduce effectiveness of the defense effort (hearings, p. 127).

New England Governor's Textile Committee, Dr. Seymour E. Harris, chairman:

> Similar proposals made in Truman administration but quickly abandoned—vulnerability one consideration but proximity to markets, materials, transportation, housing, and especially skilled labor very important. Unwise to double or treble costs and cut output in order to be ready for uncertain attack of uncertain time (hearings, p. 128).

Connecticut Development Commission, Robert P. Lee, chairman:

> amendment * * * would seriously interfere with normal growth and the creation of job opportunities in practically every well-established industrial area in the country and would be a serious threat to the economy of the entire Northeast. In our opinion Office of Defense Mobilization is presently equipped with sufficient restrictive authority to protect the best interest and safety of the entire country and this proposed amendment is neither necessary nor desirable (hearings, p. 127).

ODM DISPERSAL POLICY MORE LIMITED

Present ODM policy on dispersal limits it to facilities important to national security. It also recognizes the advantages of ground environment or natural barriers as factors contributing to security of a given facility and thus achieving the benefits claimed for dispersal. But the present amendment's sponsor indicates he expects it to require dispersal among several States rather than on any intrastate basis.

Courts will not interpret a statute as being meaningless; hence they will be inclined to find a grant of new dispersal policy power in this amendment—leading to an overemphasis on dispersal.

The amendment is impaled on the horns of this dilemma: It is either unnecessary and redundant or it grants new and unwise dispersal authority to the executive branch.

CONCLUSION

It must constantly be borne in mind that the purpose of industrial facilities is to produce end products efficiently and economically as needed—not to remain in absolute safety. This prime reason for the existence of industrial facilities must be considered in weighing the value of safety from attack as a factor in their location. The latter is only one among many factors in measuring the value of a given plant site, and not the most important factor.

In World War II, Germany believed dispersion of its vital industries would amply protect them against any bombing attacks then anticipated. Yet by 1944 bombing raids by the Allied forces destroyed a large segment of Germany's surface industry and also crippled the transportation system, cutting deeply into the effective production of the remaining plants not physically damaged. Too little and too late Germany turned to construction of underground industrial facilities. At the end of hostilities, she had placed underground only 16.6 million square feet of a program calling for 99.5 million square feet of underground construction. This experience should serve as a warning lest we be lulled into a false sense of security concerning the absolute value of dispersion.

Constant care must be exercised in order that dispersed industry may not become displaced industry.

PRESCOTT BUSH.

○

Calendar No. 2259

84TH CONGRESS
2D SESSION

H. R. 9852

[Report No. 2237]

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1956

Read twice and referred to the Committee on Banking and Currency

JUNE 14 (legislative day, JUNE 11), 1956

Reported by Mr. FULBRIGHT, with amendments

[Omit the part struck through and insert the part printed in italic]

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958".

SEC. 2. Subsection (b) of section 303 ot the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965".

~~SEC. 3. Subsection (c) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: "No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section; this sentence shall not be construed as requiring any member of the executive reserve to file a statement of changes in interests in conformity with the last sentence of paragraph (6) of subsection (b)."~~

SEC. ~~4~~ *3*. Section 712 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of its resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an

interim report on the results of the investigation and study on or before July 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session)."

SEC. 4. Section 2 of the Defense Production Act of 1950, as amended, is hereby amended by inserting at the end thereof the following new paragraph:

"In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States. In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other Act, each department and agency of the Executive Branch shall apply, under the

coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities.

SEC. 5. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "in the civilian market, he shall do so in such a manner as" and inserting in lieu thereof the following: "and finds that such action will result in a significant dislocation of the normal distribution of such material in the civilian market, to such a degree as to cause appreciable hardship, he shall, whenever he finds that such action will alleviate such hardship without having an unfavorable effect on the civilian economy as a whole, exercise such controls under this Act as he may deem necessary."

SEC. 6. Effective July 1, 1956, section 712 (e) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(e) The expenses of the committee under this section, which shall not exceed $65,000 in any fiscal year, shall be paid from the contingent fund of the House of Representa-

tives upon vouchers signed by the Chairman or Vice Chairman."

Passed the House of Representatives May 31, 1956.

Attest: RALPH R. ROBERTS,
Clerk.

Calendar No. 2259

84TH CONGRESS
2D SESSION

H. R. 9852

[Report No. 2237]

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

JUNE 4, 1956

Read twice and referred to the Committee on Banking and Currency

JUNE 14 (legislative day, JUNE 11), 1956

Reported with amendments

Digest of CONGRESSIONAL PROCEEDINGS
OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 25, 1956
For actions of June 22, 1956
84th-2nd, No. 104

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HIGHLIGHTS: Senate committee reported bills to increase CCC borrowing authority, and to increase Public Law 480 authorizations. Senate passed bill to extend Defense Production Act.

SENATE

1. CCC. The Agriculture and Forestry Committee reported with amendments S. 3820, to increase the borrowing authority of CCC (S. Rept. 2289). p. 9724

2. SURPLUS COMMODITIES. The Agriculture and Forestry Committee reported with amendment S. 3903, to increase the amount authorized for purposes of title I of Public Law 480 to $3 billion (S. Rept. 2290). p. 9724

3. DEFENSE PRODUCTION. Passed with amendments H. R. 9852, to extend the Defense Production Act for 2 years. pp. 9750, 9751

4. PUBLIC LANDS. Passed without amendment S. 3512, to permit desert land entries on disconnected tracts of lands which, in the case of any one entryman, form a compact unit and do not exceed in the aggregate 320 acres. p. 9785

Passed without amendment S. 3042, to amend the Mineral Leasing Act in order to promote the development of phosphate on the public domain. p. 9785

5. ELECTRIFICATION. Sen. Wiley inserted a Wis. Coop. Electrical Assoc. resolution relating to various aspects of public power. p. 9723

The Interstate and Foreign Commerce Committee reported with amendments

S. 2643, to encourage maximum development of low-cost electric energy from all sources of power, including atomic energy, coal, oil, and natural gas (S. Rept. 2287). p. 9724

6. WATER RESOURCES. Sen. Hruska inserted a Stock Growers Assoc. resolution opposing any attempt to increase the Federal control of water resources, and favoring State control of these resources. p. 9724

7. APPROPRIATIONS. Continued debate on H. R. 10986, the Defense Department appropriation bill for 1957. pp. 9734, 9785

8. EMPLOYEE SECURITY. Sen. Johnston commented on the findings of the Special Subcommittee to investigate the Employee Security Program, and announced that its report was in the final stages of assembly. p. 9750

9. RECLAMATION. Sen. Case entered a motion to reconsider the vote whereby the Senate agreed to the amendments of the House to S. 1622, to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, S. Dak. of the Mo. River Basin project. The House was requested to return the bill. p. 9751

10. RECESSED until Mon., June 25. p. 9785

ITEMS IN APPENDIX

11. PERSONNEL. Sen. Stennis inserted Asst. Secretary of Defense Burgess' statement before the Senate Appropriations Committee discussing the problem of personnel losses and critical technical needs. p. A4964

12. FARM PROGRAM; RECLAMATION. Sen. Neuberger inserted portions of Elmer McClure's, Oregon State Grange, address stating that "I cannot envision how the present administration's so-called land bank can be of substantial benefit to farmers of the West;" criticizing the President's veto of the certificate plan for wheat; favoring the proposed Hells Canyon and opposing the Pelton Dam. p.A4967

13. SOIL BANK. Rep. Multer inserted a newspaper article, "Benson Switches Confuse Farmers," criticizing this Department's administration of the soil bank program. p. A4968

BILLS APPROVED BY THE PRESIDENT

14. TOBACCO. H. R. 9475, to extend the time for announcing marketing quotas for tobacco, except flue-cured tobacco, to not later than the first day of February each year. Approved June 22, 1956 (Public Law 609, 84th Congress).

15. FORESTRY. S. 2967, to authorize the acquisition of additional lands within the roadless area of the Superior National Forest. Approved June 22, 1956 (Public Law 607, 84th Congress).

PRINTED HEARINGS RECEIVED IN THIS OFFICE

16. LOANS; FOREIGN TRADE. S. 3868, S. 3329, and S. 2256, to extend the Export-Import Bank Act of 1945. Senate Banking and Currency Committee.

17. LABOR STANDARDS. Minimum wages in certain territories, possessions, and oversea area of the U. S. Part II. House Education and Labor Committee.

that light, it seems to have been regarded by Congress."

CIVILIAN CONTROLS IN TIME OF WAR OR EMERGENCY

In his famous message of September 7, 1942, President Roosevelt laid claim to a power as Commander in Chief to disregard an explicit provision of the Emergency Price Control Act. He coupled a demand for the repeal of this section with the warning that (88 CONGRESSIONAL RECORD, 7053–7054 (1942)):

"I ask the Congress to take this action by the 1st of October. Inaction on your part by that date will leave me with an inescapable responsibility to the people of this country to see to it that the war effort is no longer imperiled by threat of economic chaos.

"In the event that the Congress should fail to act, and act adequately, I shall accept the responsibility, and I will act.

"At the same time that farm prices are stabilized, wages can and will be stabilized, also. This I will do.

"The President has the powers, under the Constitution and under congressional acts, to take measures necessary to avert a disaster which would interfere with the winning of the war.

"I have given the most thoughtful consideration to meeting this issue without further reference to the Congress. I have determined, however, on this vital matter to consult with the Congress.

* * * * *

"I cannot tell what powers may have to be exercised in order to win this war.

"The American people can be sure that I will use my powers with a full sense of my responsibility to the Constitution and to my country. The American people can also be sure that I shall not hesitate to use every power vested in me to accomplish the defeat of our enemies in any part of the world where our own safety demands such defeat.

"When the war is won, the power under which I act automatically revert to the people—to whom they belong."

Taking sharp exception to this claim of power, Congress refused to pass the legislation sought by the President. Senator La-Follette repudiated "without equivocation the extraordinary doctrine enunciated in the message of the Chief Executive. * * * He does not have legislative power under the Constitution of the United States or under any statute which this Congress has passed" (id. at 7586). In the House of Representatives, Whittington, of Mississippi, declared that "It is for Congress to pass laws; it is for the President to enforce laws, if in war, when vast powers are essential in the President as Commander in Chief of the Army and Navy, any statute should be suspended, it is for Congress to provide for such suspensions. The exercise or usurpation of the authority to suspend by the President smaks of dictatorship and is contrary to the democratic concept; moreover, it is wholly unnecessary in the prosecution of the war" (id. at 7343). These were typical of the views expressed by many Members. However, some Members supported the position taken by the President. In spite of the explicit prohibition of the Emergency Price Control Act, a few argued that he had the necessary authority under other acts. Senator Barkley came close to endorsing the President's claim on constitutional grounds when he said that "The people of the United States have never yet denied their President, the Commander in Chief of their Army and Navy, support in the exercise of whatever powers he may have in the conduct of a war, and I recall no case in which the Supreme Court has not sustained such powers" (id. at 7558). Representative MCCORMACK suggested on the floor of the House that if the bill were passed with an amendment opposed by the President, "The bill will be vetoed and the President, as Commander in Chief, will act, as he should, by Executive order" (id. at 7383).

At first both Houses approved amendments strongly opposed by the administration. These were modified to some extent before the bill was finally passed, but the measure sent to the President fell far short of what he had asked. Nevertheless he signed the bill (56 Stat. 765).

That the President as Commander in Chief, cannot seize the property of private citizens in time of emergency, contrary to an act of Congress, is the teaching of the early case of *Little* v. *Barreme* ((1804) 2 Cr. 170) and the recent decision in *Youngstown Sheet and Tube Co.* v. *Sawyer* ((1952) 343 U. S. 579). The former involved the validity of the seizure of the *Flying Fish*, a vessel bound from a French port. Congress had authorized seizure, in stated circumstances, of vessels bound to a French port. The President had gone beyond this and issued instructions for a seizure of vessels bound either to or from a French port. The Supreme Court held that these instruction were unauthorized and did not "legalize an act which, without those instructions would have been a plain trespass." Chief Justice Marshall wrote:

"It is by no means clear that the President of the United States, whose high duty it is to take care that the laws be faithfully executed, and who is Commander in Chief of the Armies and Navies of the United States, might not, without any special authority for that purpose, in the then existing state of things, have empowered the officers commanding the armed vessels of the United States, to seize and send into port for adjudication, American vessels which were forfeited by being engaged in this illicit commerce. But when it is observed that the general clause of the first section of the act, which declares that such vessels may be seized, and may be prosecuted in any district or circuit court, which shall be holden within or for the district where the seizure shall be made, obviously contemplates a seizure within the United States; and that the fifth section gives a special authority to seize on the high seas, and limits that authority to the seizure of vesels bound, or sailing to, a French port, the legislature seem to have prescribed that the manner in which this law shall be carried into execution, was to exclude a seizure of any vessel not bound to a French port."

In the Steel Seizure case, the Court denied the authority of the President to seize private property in time of emergency to prevent interruption of the production of supplies for the Armed Forces. The opinion of the Court written by Mr. Justice Black seemed to say that the President has no power of seizure without affirmative authority from Congress. That also appeared to be the view of Mr. Justice Douglas. Justices Frankfurter, Jackson, Clark, and Burton put great emphasis upon the refusal of Congress to insert a seizure provision in the Taft-Hartley Act. Mr. Justice Jackson examined at length the claim of justification under the Commander in Chief clause. He said:

"The clause on which the Government next relies is that 'The President shall be Commander in Chief of the Army and Navy of the United States * * *. These cryptic words have given rise to some of the most persistent controversies in our constitutional history. Of course, they imply something more than an empty title. But just what authority goes with the name has plagued presidential advisers who would not waive or narrow it by nonassertion yet cannot say where it begins or ends. It undoubtedly puts the Nation's Armed Forces under Presidential command. Hence, this loose appellation is sometimes advanced as support for any Presidential action, internal or external, involving use of force, the idea being that it vests power to do anything, anywhere, that can be done with an army or navy.

* * * * *

"The Constitution expressly places in Congress power 'to raise and [support] armies' and 'to [provide] and [maintain] a Navy.' (Words in brackets supplied.) This certainly lays upon Congress primary responsibility for supplying the Armed Forces. Congress alone controls the raising of revenues and their appropriation and may determine in what manner and by what means they shall be spent for military and naval procurement. I suppose no one would doubt that Congress can take over war supply as a Government enterprise. On the other hand, if Congress sees fit to relay on free private enterprise collectively bargaining with free labor for support and maintenance of our Armed Forces, can the Executive, because of lawful disagreements incidental to that process, seize the facility for operation upon Government-imposed terms?

"There are indications that the Constitution did not contemplate that the title Commander in Chief of the Army and Navy will constitute him also Commander in Chief of the country, its industries, and its inhabitants. He has no monopoly of war powers, whatever they are. While Congress cannot deprive the President of the command of the Army and Navy, only Congress can provide him an Army or Navy to command. It is also empowered to make rules for the 'Government and regulation of land and naval forces,' by which it may to some unknown extent impinge upon even command functions.

"That military powers of the Commander in Chief were not to supersede representative government of internal affairs seems obvious from the Constitution and from elementary American history. Time out of mind, and even now in many parts of the world, a military commander can seize private housing to shelter his troops. Not so, however, in the United States, for the third amendment says, 'No soldier shall, in time of peace be quartered in any house, without the consent of the owner, nor in time of war, but in a manner to be prescribed by law.' Thus, even in wartime, his seizure of needed military housing must be authorized by Congress. It also was expressly left to Congress to 'provide for calling forth the militia to execute the laws of the Union, suppress insurrections, and repel invasions.' Such a limitation on the command power, written at a time when the militia rather than a standing army was contemplated as the military weapon of the Republic, underscores the Constitution's policy that Congress, not the Executive, should control utilization of the war power as an instrument of domestic policy. Congress, fulfilling that function, has authorized the President to use the Army to enforce certain civil rights. On the other hand, Congress has forbidden him to use the Army for the purpose of executing general laws except when expressly authorized by the Constitution or by act of Congress.

"While broad claims under this rubric often have been made, advice to the President in specific matters usually has carried overtones that powers, even under this head, are measured by the command functions usual to the topmost officer of the Army and Navy. Even then, heed has been taken of any efforts of Congress to negative his authority.

* * * * *

"His command power is not such an absolute as might be implied from that office in a militaristic system but is subject to limitations consistent with a constitutional Republic whose law and policymaking branch is a representative Congress. The purpose of lodging dual titles in one man was to insure that the civilian would control the military,

not to enable the military to subordinate the Presidential Office."

Thus all of the Justices who constituted the majority asserted the supremacy of Congress. The point of difference among them was whether the President had any power of seizure if Congress had not disapproved that course.

These two cases, in combination with *Texas* v. *White*, supra, lend strong support to the view that any powers the President may have as Commander in Chief over civilians in the United States is subordinate to the legislative powers of Congress under various clauses of article I, section 8. From the very beginning, Congress has asserted the right to determine the circumstances under which the Armed Forces may be used at home and abroad. In a few instances it has also undertaken to prescribe the methods by which the power of command shall be exercised. However, the boundary between its authority and that of the President over the Armed Forces has never been authoritatively charted.

EMPLOYEE SECURITY PROGRAM

Mr. JOHNSTON of South Carolina. Mr. President, this Congress has been vitally concerned with the employee security program being conducted by the Government.

Early in 1955 the Senate approved the establishment of a Special Subcommittee to Investigate the Employee Security Program being administered by the Government.

This subcommittee, of which I am chairman, has been probing into the various operations of the security program and pertinent relative matters for over a year. The report of this committee is in the final stages of assembly.

Some Members of the Senate have been concerned with the possibility that our employee security program has been inadequate.

Other members have felt that the program has been conducted too harshly, with concentration of security efforts on the wrong types of employees. Still other members believe the program needs strengthening on one end and relaxing on the other.

Certainly a great majority of the Senate has not been satisfied with the conduct of the security program, otherwise the investigation would not have been authorized.

More recently a flurry of editorial comment and statements from Members of Congress have arisen as a result of the Cole case decision, with which I know all Senators are familiar.

As a result of these comments and other factors, public cognizance of the security program has reached a new tempo. Some members have introduced or talked about introducing legislation to deal with phases of the security problem and perhaps the entire security matter.

Mr. President, why I speak to you here today on this subject is of great importance to the Senate. As I said before, the report of my subcommittee's conclusions and recommendations resulting from its study and investigation of the Government's employee security program is nearly completed and will be ready for delivery to the Members of the Senate in the immediate future.

The findings of my subcommittee are very extensive and deal with most of the security problems which are now receiving the attention of Members of Congress.

I believe this report will be most helpful to all of us to aid in guiding our actions toward the accomplishment which we all want—a nonpartisan effective security program which will keep subversives and disloyal employees out of Government and at the same time will protect our loyal employees.

I therefore suggest and recommend that the Senate withhold action on any security legislation until the Members shall have had the opportunity to receive the benefit of information contained in my subcommittee's report.

No Member of the Senate is more interested than I am in the enactment of a strong and fair security program. But I believe we would err to take any legislative steps until we have first studied the report which will be in the hands of Senators in the immediate future.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. Mr. President, I wish to say that the distinguished Senator from South Carolina held some very extensive hearings and, as a member of that subcommittee, I appreciate the fine way in which he conducted them.

I think I gathered from the Senator's statement that the subcommittee report will soon be ready for printing. Is that correct?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. CARLSON. Would it be possible for the minority member to see and analyze the report before it is ready for distribution to the full committee for approval?

Mr. JOHNSTON of South Carolina. I should think so.

Mr. CARLSON. I should like very much to have time to analyze it. I participated in the hearings and know it is voluminous. I concur in the suggestion of the Senator that no action should be taken until the committee report is approved by the full committee and available for distribution. I think it will contain some valuable suggestions. Since we are dealing with the protection and security of our Nation, careful analysis is demanded by all.

Mr. JOHNSTON of South Carolina. I shall take it up immediately.

Mr. President, I should like to commend the Senator from Kansas for the work he did on the subcommittee. I was glad to hear him make the remarks he has made. The hearings were handled from a nonpartisan standpoint, for the good of the United States and for the good of the employees of the Government. We were endeavoring to do nothing that would injure the security of the Nation.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Legislative Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1957

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 10986) making appropriations for the Department of Defense for the fiscal year ending June 30, 1957, and for other purposes.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 2259, H. R. 9852, to extend the Defense Production Act of 1950, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, which had been reported from the Committee on Banking and Currency, with amendments.

Mr. JOHNSON of Texas. Mr. President, on behalf of the distinguished minority leader and myself, I submit a proposed unanimous-consent agreement which I ask to have read for the information of the Senate.

The PRESIDING OFFICER. The proposed agreement will be read.

The legislative clerk read as follows:

UNANIMOUS CONSENT AGREEMENT

Ordered, That, during the further consideration of the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, debate on any amendment, motion, or appeal, except a motion to lay on the table, and as hereinafter indicated, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided, however*, That it shall be in order for the Senator from Connecticut, Mr. BUSH, to make a motion to lay on the table the committee amendment inserting section 4 on pages 3 and 4, upon which there shall be a limitation of not exceeding 2 hours' debate, to be equally divided and controlled by Mr. BUSH and the majority leader, respectively: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 2 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any

Senator during the consideration of any amendment, motion, or appeal.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. JOHNSON of Texas. Mr. President, I may say, in brief explanation of the proposed agreement, that it is immaterial to the minority leader or the majority leader to have a unanimous-consent agreement, but it is my understanding that those who are directly interested in House bill 9852 have met and talked about such an agreement. The proposed agreement is similar to other agreements the Senate has entered into. It is my information that it is acceptable to both opponents and proponents of certain amendments to be offered, and to those in charge of the bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement?

The Chair hears none, and it is so ordered.

PAYMENT FOR IMPROVEMENTS ON LANDS IN RAPID VALLEY UNIT, SOUTH DAKOTA—MOTION TO RECONSIDER—REQUEST FOR RETURN OF SENATE BILL 1622

Mr. CASE of South Dakota. Mr. President, I desire to enter a motion to reconsider the vote whereby the Senate on yesterday agreed to the amendments of the House of Representatives to the bill (S. 1622) to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, South Dakota, of the Missouri River Basin project, and for other purposes.

The PRESIDING OFFICER. The motion will be entered.

Mr. BUSH. Mr. President, is that a unanimous consent request?

Mr. CASE of South Dakota. I think that is a privileged matter.

The PRESIDING OFFICER. It is a privileged matter.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Has the Senate not just entered into a unanimous consent agreement that requires us to proceed with the consideration of the pending business?

The PRESIDING OFFICER. This is a privileged matter, the Chair is advised.

Mr. CASE of South Dakota. Mr. President, I make the further motion that the Secretary be directed to request the House of Representatives to return the message of the Senate announcing its agreement to the amendments of the House.

The PRESIDING OFFICER. Without objection, the House will be requested to return the bill, and the motion to reconsider will be entered.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950, AS AMENDED

The Senate resumed the consideration of the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes.

The PRESIDING OFFICER. The first committee amendment will be stated.

The LEGISLATIVE CLERK. On page 2——

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KUCHEL. I should like to ask the Chair what the parliamentary situation is with respect to the desire on the part of the Senator from Connecticut [Mr. BUSH] to move to table one of the committee amendments. Is it in order for the Senator from Connecticut to proceed in that fashion at any time he desires to make such a motion?

The PRESIDING OFFICER. The Chair is advised that the logical time to make that motion to lay on the table is when the committee amendment, which is section 4, is reached.

Mr. BUSH. I now serve notice that when section 4 becomes the pending question, I shall then move to table; and under the unanimous-consent agreement, I understand an hour is allowed to each side on that motion.

The PRESIDING OFFICER. That is correct.

Mr. PASTORE. Mr. President, I yield 20 minutes to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, the Banking and Currency Committee held hearings on S. 3407, a bill to provide a 2-year extension for the Defense Production Act. This bill met with general approval by the committee, subject to a few amendments. The House passed H. R. 9852, a bill also providing a 2-year extension; also with amendments, and this bill was referred to the committee.

The Banking and Currency Committee has reported out H. R. 9852, and recommends favorable action on this bill.

As reported, H. R. 9852 provides for a 2-year extension of the act, to June 30, 1958, along with a 2-year extension of the title III contracting authority, to June 30, 1965. The bill also contains, first, a declaration of policy supporting the principle of geographical dispersal; second, a requirement that the Secretary of Commerce make a special investigation and study of nickel; third, an amendment emphasizing the President's authority and duty to take action for the benefit of civilian users of any commodity in seriously short supply as a result of military requirements; and fourth, a technical amendment designed to simplify payment of the expenses of the Joint Committee on Defense Production.

The bill, as reported, does not include the provision adopted by the House requiring members of the executive reserve to file statements of their financial interests at the time of their appointment.

The committee's review of the defense program and the defense supporting industrial program left no doubt that continuance of the powers in the Defense Production Act are necessary. I shall, therefore, not attempt to elaborate on this aspect of the matter.

The committee report lists the powers now contained in the Defense Production Act, principally the priority and allocation authority in title I, and the financial authority conferred in title III for the purpose of expanding productive capacity and supply. Although these powers are not now being used extensively, they are essential at the moment to maintain the present state of mobilization readiness; and, in addition, the existence of these authorities places the Government in a position to take the initial steps in the event of an emergency.

The bill does not contain any authority for controls over prices, wages, rents, or credit. These standby powers were not recommended or proposed by the administration witnesses. It is recognized that such controls would be needed in the event of full mobilization or war, but there was no indication of any present need for such authority.

The two principal amendments proposed by the committee related to dispersal and allocations in the civilian market.

The dispersal amendment would express congressional approval of, and support for, the existing agency policy of encouraging geographical dispersal of new Government-assisted industrial facilities, first, when practical; second, when consistent with existing law, and third, when consistent with the desirablity of maintaining a sound economy. The amendment does not prevent or restrict the use of existing plants; it does not apply to plants which do not get assistance of some sort from the Government; and it does not make the policy of geographical dispersal the only, or in some cases even the principal, element to be considered in locating a new Government-assisted plant.

A sound economy must be maintained. All the factors which properly go into the location of any industrial plant must be considered—access to raw materials, transportation, power, water, labor, markets, and so on. The amendment would not eliminate consideration of these other factors.

All the Government agencies concerned endorse and support the principle of geographical dispersal. All, except the Air Force, support an amendment expressing congressional approval and support of the policy. And even the Air Force, in opposing the amendment on the ground that it might be confusing, supports the principle of geographical dispersal, and states that the amendment is entirely consistent in its intent with existing Department of Defense policy.

If we consider the possibilities which lie before us, we can see why the Congress should, and must, accept responsibility for the dispersal program.

Our defense plans must take into account the possibility of an attack by an aggressor, an attack which may include a Pearl Harbor or a number of Pearl Harbors. If this occurs, we must be prepared to retaliate immediately, using weapons in being at the time of such an attack. Equally important, we must be prepared to wage a continuing all-out war, which may not be of short duration. This second stage will require a strong, productive industry, capable of producing the needed weapons of war and capable of supplying everything needed to

maintain the military and civilian population.

The Nation's ability to carry on this second stage depends to a large extent on how much of its productive capacity has been wiped out in the first attack. This is where geographical dispersal of industrial facilities is vital.

The principle of geographical dispersal does not depend on the argument that one spot in the United States is safer than another spot. Perhaps an argument can be made for this in some cases, although usually such an argument is not conclusive. The principle of geographical dispersal is much simpler and much clearer than any argument over the merits of one location as compared with the merits of another location.

The principle of geographical dispersal is merely another way of saying, "Don't put all your eggs in one basket."

If all the Nation's supply of a vital material or a vital piece of equipment comes from 1 plant or from plants in 1 small area, we might be deprived of our supply of that material or equipment by 1 bomb. But if we obtain the material or equipment from 5 or 10 widely separated sources, we are much better prepared to carry on the second stage of defense.

We should also bear in mind—and I think this is extremely important—that if we should achieve a sound degree of dispersal of our industry, it would reduce the danger of an attack. If the target is less attractive, if a single bomb or a few bombs could not accomplish so much damage to the defense effort, the temptation to attack the country would be reduced. Incidentally, this would reduce the danger to the areas which now, because of the concentration of industries, are the most attractive targets. This thought should be borne in mind by those who might wish to oppose the amendment.

I particularly invite this point to the attention of the distinguished Senators from the New England States, because, as our defense productivity is now set up, it makes New England an especially attractive target in case there should be trouble.

Mr. AIKEN. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. LAIRD in the chair). Does the Senator from Arkansas yield to the Senator from Vermont?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. Does the Senator from Arkansas consider that this amendment, requiring dispersal among regions, would preclude dispersal of industry within a region, such as New England?

Mr. FULBRIGHT. The amendment does not require anything of so rigid a nature. It requires consideration of the element of the risk of destruction of our vital production and supplies. I may say that I used the term "New England" rather broadly. I doubt that in the great State of Vermont there is such a concentration as would necessarily be involved. But I do know of areas around the great cities of Boston and Hartford which I think create a very tempting target in case of difficulty.

Mr. AIKEN. In the committee amendment is there anything to preclude the establishment of new industries in, let us say, the States of northern New England—Maine, New Hampshire, and Vermont—without having them considered as being in a strategic target area?

Mr. FULBRIGHT. I do not think so. As I have previously said, the amendment seeks to draw attention, particularly the attention of the Defense Department, to this question, and to give congressional approval to a policy which already is being followed to some extent. That policy would be to give serious consideration, in connection with the construction of new plants, to the vulnerability to attack of certain industries having significance in our national defense. I do not think the amendment necessarily precludes the building of new plants in any area, depending upon a number of factors which I have just mentioned, namely, raw materials, transportation, and all the other elements.

Mr. AIKEN. And perhaps the policy would encourage the location of a plant among the hills, where it might have much more protection than if located at a greater distance from a strategic center, but located in open prairie land?

Mr. FULBRIGHT. Most certainly that could be considered.

Mr. AIKEN. And would the location as it relates to the direction of the prevailing winds have a bearing on the dispersal program?

Mr. FULBRIGHT. Certainly. The question of fallout is a very material one; and the recent developments regarding the seriousness of fallout constitute one of the major reasons for the further and, I think, favorable consideration by the Congress of this amendment. Fallout is now a much more serious problem, we know, than it was 5 years ago.

Mr. AIKEN. Bearing in mind the protection afforded by the hills and the northern winds in New England, would not the Senator from Arkansas say they constitute one of the factors which might well be favorably considered in connection with the establishment of defense plants?

Mr. FULBRIGHT. I would not say the contrary at all. In referring to New England, of course, let me say that all of us know about the great concentration of defense plants, particularly in communities near the coasts of Connecticut, Rhode Island, and Massachusetts. Of course, I can understand the concern of the people of those communities about any change in the status quo. Nevertheless, this is an extremely important matter affecting our national security.

Mr. KUCHEL. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I shall be glad to yield in a moment.

Mr. President, this might be a proper place for me to insert in the RECORD a letter which came too late to be inserted in the hearings. The letter is from Mr. Val Peterson, Administrator of the Civil Defense Administration, and is dated May 16. I call especial attention to the next to the last paragraph of the letter; and I now read a part of it:

> We therefore urge that the committee favorably consider the proposed amendment by Senator BENNETT to S. 3407, and we recommend that the Congress enact the measure into law.

I ask unanimous consent that the entire letter be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL CIVIL DEFENSE ADMINISTRATION,
NATIONAL HEADQUARTERS,
Battle Creek, Mich., May 16, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This is in reply to the request of Mr. Matthew Hale, of the committee staff, for a report from the Federal Civil Defense Administration on the merits of S. 3407, a bill "to extend the Defense Production Act of 1950, as amended, and for other purposes," and the amendment to the bill intended to be proposed by Senator BENNETT, dated April 23, 1956.

S. 3407 would further amend section 717 of the Defense Production Act of 1950, as amended, to extend the provisions of the act until June 30, 1958. Section 2 would amend section 303 to extend the provisions thereof, which relate to the purchase, or commitments to purchase, of critical or strategic metals, minerals, or other materials, until June 30, 1965.

As S. 3407 relates to the extension of the expiration dates of sections 303 and 717 of the Defense Production Act of 1950, as amended, the Federal Civil Defense Administration would interpose no objection to the proposed extensions.

The amendment to S. 3407, proposed by Senator BENNETT, would further amend the declaration of policy contained in section 2 of the Defense Production Act of 1950, as amended, to state that it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States, and to discourage concentration of productive facilities within limited geographical areas vulnerable to attack. Further, the amendment also provides that in the construction of Government-owned industrial facilities, and the extension of governmental financial assistance for the construction, expansion, or improvement of industrial facilities, or in the procurement of goods or services under the Defense Production Act or any other act, each department or agency of the executive branch shall apply, to the greatest practicable extent, consistent with existing law, the principle of geographical dispersion of such facilities in the interest of national defense. The Office of Defense Mobilization would be charged with the coordination of the proposed program. Nothing in the program would preclude the use of existing industrial facilities.

The Federal Civil Defense Administration, under Defense Mobilization Order I–18, issued January 11, 1956, is charged with the responsibility for the development and coordination of plans and programs for the reduction of urban vulnerability, including coordination at the metropolitan target-zone level of dispersion, urban redevelopment, highway, and other programs and measures capable of making a contribution to the reduction of urban vulnerability.

Accordingly, the Federal Civil Defense Administration hold the view that statutory amendments designed to encourage the reduction of vulnerability of metropolitan target zones from enemy attack through in-

dustrial dispersal of the nature contained in the proposed amendment to S. 3407 are in the national interest. We, therefore, urge that the committee favorably consider the proposed amendment by Senator BENNETT to S. 3407, and we recommend that the Congress enact the measure into law.

In view of the urgent nature of the committee request for a report by this Administration on the measure, the usual Bureau of the Budget clearance has not been obtained. Should revision of the report be necessary upon receipt of the Bureau's comments, the revised report will be forwarded promptly to the committee.

Sincerely,

VAL PETERSON.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KUCHEL. I believe I heard the Senator from Arkansas say that there were some who objected to any change in the status quo. May I ask the Senator if any change in the current Office of Defense Mobilization order on dispersal is contemplated by the so-called Bennett amendment?

Mr. FULBRIGHT. As I understand, the effect of the amendment would be to carry out the policy and to give it added emphasis. As I stated in the earlier part of my remarks, the Defense Department, even including the Air Force, is to some degree, at least, carrying out this policy. I certainly believe it is entirely proper for the Congress to state its own views as to this policy. This question has been before Congress several times. I think it is proper for us to emphasize the importance of this policy if we are interested in our own national security. As I understand, the present attitude of the Office of Defense Mobilization is favorable to dispersal.

Mr. KUCHEL. I will say to the Senator from Arkansas that, as I understand, the present order of the Office of Defense Mobilization with respect to dispersal has been in effect since the first of the year. No one has quarreled with it. I believe it is being enforced by all branches of the Defense Department, and I further believe that the Department of the Air Force, in objecting to the language in the bill known as the so-called Bennett amendment, speaks not alone for the Air Force, but for all branches of the Defense Department.

Mr. FULBRIGHT. I think the Senator is incorrect. The Nelson report on this subject stated that the policy of dispersal was not being pursued with the proper enthusiasm.

Mr. KUCHEL. Can the Senator indicate where it is not being pursued with the proper enthusiasm?

Mr. FULBRIGHT. If the Senator will wait, in a few moments I shall quote from the Nelson report. I shall reach it after about two more pages.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KNOWLAND. Apropos of a question raised earlier by the Senator from Vermont, I think one additional factor is that this provision would give a congressional blank check to possible future executive action, with respect to which I think there is some grave doubt, as a matter of public policy. I think it is doubtful if the Congress should grant such authority.

There were examples in my own State of California of which I think the Senate should be advised, and which I think are pertinent to the discussion on the floor today.

Some time ago, and prior to the latest order by the Office of Defense Mobilization, there had been a very definite move to prevent a subcontractor from going into the city of San Diego, Calif., from the city of Fresno, in connection with an aircraft industry located in Los Angeles. It so happens that the distance from Fresno to San Diego is 315 miles. This is greater than the distance from Washington to Cleveland, which is 306 miles; it is greater than the distance from Dallas to Tulsa, which is 236 miles; the distance from New York to Washington, which is 205 miles, passing through a number of States enroute; the distance from Washington to Pittsburgh, which is 192 miles; the distance from Cleveland to Detroit, which is 90 miles; and the distance from New York to Philadelphia, which is 83 miles. I think it becomes pertinent as to what type of decision might be made on a pure mileage basis, considering the distance from an existing industrial complex.

Certainly before Congress gives a blank-check endorsement to the amendment which has been proposed to the Senate, I think this question should be thoroughly explored and debated; and I hope the amendment will be rejected.

Mr. FULBRIGHT. This is not the first time the subject has beeen explored by the Senate. This is the third time it has been under consideration, and it has been thoroughly discussed.

I cannot take the responsibility, nor can the Congress, for what may or may not be the arbitrary or erroneous decision of the Director of Defense Mobilization with regard to Fresno. We are stating a policy, which I think is perfectly reasonable and clear. We cannot in any case guarantee that someone in the executive department who administers the law will not be arbitrary and make a foolish decision under the policy, if the policy itself is sound and proper. I think the Senator himself might take a little responsibility for decisions in the executive department. The fact that a certain decision was made in the case mentioned, for which the Senator thinks there is no reason, does not mean that the principle is bad. It only means that someone misinterpreted the policy. Not knowing any more facts than the Senator has mentioned, it seems to me that 300 miles is sufficient dispersal in that case, unless there may have been other factors related to Fresno. I do not know any more about the facts than what the Senator has stated.

Mr. PURTELL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. PURTELL. Did the Senator from Connecticut correctly understand the Senator from Arkansas to say that this amendment would not change the status quo?

Mr. FULBRIGHT. Not entirely. I said that those who did not wish to change the status quo are for the Bush motion and opposed to the committee amendments. As I understand, it would give congressional approval and emphasis to a policy which is being followed, at least to some degree, in the Pentagon. The Nelson committee says that it needs reinforcement. The endorsement of Congress should stiffen the backs of the administrators in applying the policy of dispersal. While the policy exists, the administrators are very easily dissuaded from applying it in many individual cases. I suppose that maybe because of the very conscientious representations which Senators make before the bureaus when they are considering questions of dispersal. I wish to read what the Nelson committee says on the subject.

Mr. PURTELL. Is it the Senator's intention, before he concludes, to indicate in what way the status quo would be changed?

Mr. FULBRIGHT. It would be changed by reason of reinforcement of the determination of the executive department to apply a principle which I think is sound. In that sense the status quo would be changed.

Mr. PURTELL. Mr. President, will the Senator yield for a further question?

Mr. FULBRIGHT. I yield.

Mr. PURTELL. Is that on the assumption that the policy is not being administered today?

Mr. FULBRIGHT. That is correct. There was criticism to the effect that the policy was not being applied as vigorously as it should be.

We had a demonstration last year of what terrible disruption to our economy even a hurricane can cause in the State of Connecticut. We do not need an atomic bomb to give an illustration. We saw pictures of great rubber plants, chemical plants, and other plants falling into rivers. Terrible destruction occurred in one small State where there was an unduly high degree of concentration of defense plants. We were warned then that we were exposing ourselves to unnecessary risks by continuing to pile up one factory after another in the Naugatuck Valley and other valleys of Connecticut.

Mr. PURTELL. Is the Senator acquainted with the testimony given before his committee by the Senator from Utah [Mr. BENNETT] referring to the question of whether or not these policies were being administered? I read from page 2 of the hearings. The Senator from Utah said:

> For some time now we have had a national policy of industrial dispersal. Considering the problems inherent in any such program, not the least of which has been public apathy, I think it has gone pretty well.

That would indicate to the Senator from Connecticut that the Senator from Utah felt that those policies were being followed.

Mr. FULBRIGHT. He did not feel it strongly enough to deter him from offering an amendment. The Senator from Utah is the author of the amendment in the bill. The Senator from Utah can speak for himself. He is in the Chamber,

and will speak in a moment. I do not think it is proper for me to interpret his thoughts on the subject.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. AIKEN. Is it possible that this amendment would activate the status quo?

Mr. FULBRIGHT. It would give force to a policy which I think most reasonable people agree is a good policy, although there may be a difference of opinion as to how it is being applied.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I am glad to yield to the Senator from Rhode Island.

Mr. PASTORE. I should like to ask a question of the Senator from Arkansas. Is it the understanding of the Senator that if the dispersal amendment to section 4 of the bill should be adopted, that amendment would expire on June 30, 1958, or on June 30, 1965?

Mr. FULBRIGHT. It would expire on June 30, 1958.

Mr. PASTORE. 1958?

Mr. FULBRIGHT. Yes.

Mr. PASTORE. Am I to understand that there is nothing contained in the amendment which precludes the use of existing industrial facilities?

Mr. FULBRIGHT. That is correct. There is no intention to destroy or to change the use of existing facilities. The amendment would apply to new plants, and to extensions or new constructions built with Government assistance.

Mr. PASTORE. If there is no intention to affect existing facilities, and if in truth the act would expire on June 30, 1958, wherein would the national security be promoted by going so far as to say, in section 4, "in the procurement of goods and services"? Why is that phrase used? In the procurement of goods and services, what is expected to happen in the next 2 years which will jeopardize the national security unless there is dispersal, and unless it is recognized that it shall not apply to existing facilities? I believe there is an inconsistency there which is very serious one.

Mr. FULBRIGHT. I suggest that the Senator read the whole sentence:

> In the construction of any Government-owned——

Mr. PASTORE. That means the performance of a future act.

Mr. FULBRIGHT. The sentence reads:

> In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act, each department and agency of the executive branch shall apply—

In other words, in the process of procurement that assistance is given. It is necessary to read the remainder of the sentence.

Mr. PASTORE. I have already read the whole paragraph.

Mr. FULBRIGHT. I continue to read:

> Each department and agency of the executive branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense.

Suppose, for the purpose of illustration, that the Government needs for its Defense Establishment a vital commodity or goods, and that that commodity or those goods are located in only one place. If a new plant is to be built, I would say that under the provision "in the procurement of goods and services," it would mean that the new plant would have to be built in a different place.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I do not know whether the Senator from Rhode Island has concluded his questions.

Mr. PASTORE. I should like to ask another question.

Mr. FULBRIGHT. I cannot follow the Senator in his reasoning that that language adds any peculiar meaning to the act.

Mr. PASTORE. In reading the amendment, I gained the impression that the last sentence in the amendment, which starts on page 4, line 5, was inserted to reassure those who might think that existing facilities were included or intended to be affected. The only concern of those of us who are interested in existing facilities would be in the case of procurement. Yet procurement has been thrown into the catch-all of the dispersal plan. I am convinced that there is an obvious inconsistency here. In other words, the provision regarding procurement on page 3, line 23, vitiates the spirit and meaning and intent of the last sentence of the amendment.

Mr. FULBRIGHT. I do not understand that to be so at all.

Mr. PASTORE. I hope that is not the meaning, but that is what it says.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BENNETT. Does the Senator from Arkansas realize that the opponents of the amendment are using up his time to make their arguments?

Mr. PASTORE. Oh, I have an hour on the bill, and I am perfectly willing to yield any part of it to the distinguished Senator from Utah. We have a great deal of time this afternoon.

Mr. FULBRIGHT. I believe we will have sufficient time. My speech is not very long, although I have gone only half-way through it.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. BUSH. Inasmuch as the Senator has quoted from the language of the committee amendment known as the Bennett dispersal amendment, I should like to point out that that amendment is not confined in its present language to defense procurement. That is not so by any means. That is one of the reasons I object so strenuously to the amendment. As the Senator has just read the amendment, it provides:

> In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services—

That applies to GSA or any other agency, and to any goods or services—

> under this or any other act, each department and agency of the executive branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense.

That is such all-inclusive language as, in my opinion, to include anything the Government might wish to purchase.

Mr. FULBRIGHT. The whole subject of dispersal is significant only when applied to materials or plants which have relation to our defense. If a candy factory were involved, for example, the idea would not apply at all. The question of dispersal would not arise at all. It would arise only in connection with such geographical dispersal as is inherent in the question of defense. It refers to factories or procurement which have to do with defense. It is not a vital commodity if it has no significance to defense.

Mr. BUSH. But that language is in the bill.

Mr. FULBRIGHT. It will not apply in the case mentioned by the Senator from Connecticut.

Mr. BUSH. The provision does not refer exclusively to commodities vital to defense.

Mr. FULBRIGHT. Can the Senator give us an example of the fear in his mind? What is bothering him?

Mr. BUSH. What bothers me is that the language is so broad that it can be used to apply to the procurement of any kind of goods and for any purpose for which the Government buys the goods. It could apply to office furniture or anything else.

Mr. FULBRIGHT. Does the Senator also express distrust in the judgment of the executive branch of the Government in the application of the law?

Mr. BUSH. No; I do not.

Mr. FULBRIGHT. As the Senator from California seemed to do a moment ago? Does he not believe the Government will use a reasonable interpretation of the language?

Mr. BUSH. That is not what I distrust. I distrust the Members of this particular Congress and of the next Congress, and of the one after that, who will use this amendment as a club with which to beat departments and agencies over the head. That is what I fear.

Mr. FULBRIGHT. The Senator does not have much confidence in his colleagues.

Mr. BUSH. Not when it comes to this kind of business. I have a great deal of confidence in them, in connection with many things, but not when it comes to a question such as this.

Mr. FULBRIGHT. Why does not the Senator have confidence in them in this particular field?

Mr. BUSH. Because I know what they will do.

Mr. FULBRIGHT. What will they do?

Mr. BUSH. They will use it as a club with which to hit the Defense Department and GSA and other agencies over the head, and say to them, "This is what the law says. You must buy a certain article in Utah or in Arkansas."

Mr. FULBRIGHT. I am delighted to have the Senator say that. I wish he would cite one example of what he has in mind, so that my constituents would appreciate how well they are represented in Congress.

The PRESIDING OFFICER (Mr. HRUSKA in the chair). The time of the Senator from Arkansas has expired.

Mr. PASTORE. Mr. President, I yield 10 minutes on the bill to the Senator from Arkansas.

Mr. FULBRIGHT. Another factor which must be considered in connection with the dispersal amendment is the recent development in weapons, in their delivery and in their destructive power. The committee report quotes from the statement by Admiral Strauss of the appalling effects of an H-bomb, both the immediate blast and heat effects and the widespread fallout effects. Earlier defensive concepts are obsolete. Widespread dispersal is the only answer.

The problem has been the subject of serious concern to the executive branch. ODM early in 1955 requested a committee, the so-called Nelson committee, headed by Gen. Otto L. Nelson, Jr., vice president of the New York Life Insurance Co., to review an earlier report on the subject of civil defense which had been made in 1952. The Nelson Committee's report was submitted in October of 1955. In this report the committee stressed the importance of industrial disperson and reduction of urban vulnerability and urged that renewed emphasis be given to these programs. The Nelson Committee's recommendation on the subject of industrial dispersion is particularly important:

> Leadership in the field of industrial dispersion is essentially a Federal responsibility. The work of the Office of Defense Mobilization in analyzing key industries to uncover undue concentration in any one locality and to induce a spreading out geographically should be continued with the goal that within the next 10 years a reasonable minimum and properly balanced portion of our total national production with the necessary accessory facilities therefor be established outside of metropolitan target zones. Thirty percent has been suggested but this standard obviously needs testing, and any standard will probably require frequent modification with the passage of time. In these programs, emphasis should be placed on the location of new facilities in order to accomplish the goals.

If it should be said that the present dispersal policies and programs of the agencies are sufficient to insure the Nation's security, I urge the Senate to consider this statement by the Nelson committee:

> It had been hoped that the National Security Resources Board and its successor, the Office of Defense Mobilization, would gain better acceptance and would be more adequately recognized as striving to carry out effectively a most important function in the field of nonmilitary defense planning and preparations. The declining attention in terms of personnel, funds, and key-man interest in the problems of industrial dispersion, reduction of urban vulnerability, and postattack rehabilitation is particularly disheartening. In the face of the development of weapons of more and more destructive power, this work would seem to be of increasingly greater importance, complexity, and difficulty.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a list of members of the Nelson committee.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

1955 REVIEW COMMITTEE OF THE REPORT OF PROJECT EAST RIVER

Gen. Otto L. Nelson, Jr., chairman, vice president in charge of housing, New York Life Insurance Co., New York, N. Y.

Dr. Lloyd V. Berkner, president, Associated Universities, Inc., New York, N. Y.

Mr. Horatio Bond, chief engineer, National Fire Protection Association, Boston, Mass.

Mr. Percy Bugbee, General Manager, National Fire Protection Association, Boston, Mass.

Dr. Richard M. Emberson, assistant to the president, Associated Universities, Inc., New York, N. Y.

Dr. Leland J. Haworth, director, Brookhaven National Laboratory, Upton, Long Island, N. Y.

Dr. Albert Gordon Hill, professor of physics, Massachusetts Institute of Technology, Cambridge, Mass.

Mrs. Katherine G. Howard, Boston, Mass.

Mr. Burnham Kelly, associate professor of city planning, Massachusetts Institute of Technology, Cambridge, Mass.

Dr. J. B. H. Kuper, chairman instrumentation and health physics, Brookhaven, National Laboratory, Upton, Long Island, N. Y.

Hon. Joseph E. McLean, commissioner of conservation and economic development, State of New Jersey, Trenton, N. J.

Mrs. Marlene D. Morrisey, administrative assistant to the Librarian of Congress, Library of Congress, Washington, D. C.

Mr. Elihu Root, Jr., New York, N. Y.

Mr. Stephen F. Voorhees, Voorhees, Walker, Smith & Smith, New York, N. Y.

Mr. FULBRIGHT. Mr. President, the National Planning Association has also considered the need for nonmilitary defense measures and in May of 1955 issued a statement by a special policy committee on nonmilitary defense planning which also urged major efforts in the field of industrial dispersal. This report concluded that:

> Knowledge of the threat and effective nonmilitary defense measures against the threat can save millions of lives, can limit damage to resources, can minimize postattack confusion, can contribute to more rapid restoration of critical community in industrial resources, and can assure and speed victory.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a list of the members of the special policy committee signing the statements in which this position is taken.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

MEMBERS OF THE SPECIAL POLICY COMMITTEE ON NONMILITARY DEFENSE PLANNING SIGNING THE STATEMENT

H. Christian Sonne, chairman, president, South Ridge Corp.

Melvin Anshen, professor of industrial administration, Carnegie Institute of Technology.

Cole A. Armstrong, customer equipment engineer, American Telephone & Telegraph Co.

Gerhard D. Bleicken, secretary, John Hancock Mutual Life Insurance Co.

Harry A. Bullis, chairman of the board, General Mills, Inc.

David F. Cavers, office of the associate dean, Harvard University Law School.

Walker L. Cisler, president, the Detroit Edison Co.

Charles Fairman Nagel, professor of constitutional law, Washington University.

Clinton S. Golden, executive director, Trade Union Program, Harvard University.

Luther H. Gulick, city administrator of the City of New York.

A. J. Hays, international president, International Association of Machinists.

Joseph D. Keenan, international secretary, International Brotherhood of Electrical Workers, AFL.

Murray D. Lincoln, president, Farm Bureau Mutual Insurance Cos.

Shaw Livermore, Rockefeller Brothers Office, New York City.

J. Murray Mitchell, Washington, D. C.

Otto L. Nelson, president, New York Life Insurance Co.

Robert Oliver, assistant to the president, Congress of Industrial Organizations.

Ethan Allen Peyser, Peyser, Cartano, Botzer & Chapman.

James T. Phillips, vice president, New York Life Insurance Co.

Sumner T. Pike, chairman, Maine Public Utilities Commission.

Ramsay D. Potts, Jr., president, Independent Military Air Transport Association.

John H. Redmond, assistant production manager, Koppers Co., Inc.

H. Gifford Till, director, Industrial and Agricultural Research and Development Department, Missouri-Kansas-Texas Lines.

Ralph J. Watkins, director of research, Dun & Bradstreet, Inc.

Frank P. Zeidler, mayor, city of Milwaukee.

Mr. FULBRIGHT. Mr. President, I hope as all Members of the Senate hope, that no A-bombs or H-bombs fall on the United States. I hope that the defense program and the dispersal program will accomplish their most effective result—preventing any attack on the United States.

But we cannot sweep the H-bomb under the rug and forget it. We must shoulder part of the responsibility for this vital program.

The second substantive amendment is made in section 701 (c) of the act. This amendment would require the President to exercise such controls under the act as he may deem necessary to make available for firms in the normal channels of distribution a fair share of the available civilian supply, if the share allocated to the military is so great as to cause a significant dislocation of the normal distribution in the civilian market. Due consideration is to be given to the needs of new concerns, individual hardships and the needs of smaller concerns.

The amendment provides ample leeway and discretion to the President. He is not required to act unless he finds that to do so would alleviate the hardship without having an unfavorable effect on the civilian economy as a whole. The President may allocate all of the available civilian supply, if the requirements of section 101 (b) are met; he may exercise end-use controls or conservation measures; he may require set-asides for

segments of industry or small businesses; he may impose inventory restrictions; or he may devise other forms of allocation or priority measures to suit the need. The form of controls to be exercised is entirely within his discretion. He is not required to take any action which is not practicable.

This amendment was adopted because it was felt that the Government owes a duty to civilian users of a material to take all practicable steps to assure fair distribution, when the mandatory fulfillment of defense requirements leaves only a hopelessly inadequate supply for civilian users.

This amendment would apply to any material. The particular situation which led to its adoption was the distressing nickel situation. Defense requirements, including the stockpile, now take a very large share of the supply. The balance is parcelled out among civilian users under an informal arrangement between the Commerce Department and nickel producers and suppliers, more or less on the basis of the old NPA allocation orders which were repealed in 1953.

In one breath the Commerce Department says that it is not controlling the distribution of nickel in the civilian market; that private enterprise is preferable to Government controls; and that it has no responsibility for the present difficulties. In the next breath the Commerce Department refers to its agreement with the producers and suppliers; it explains its elaborate inspections of the books of the producers and suppliers; it tells of the corrections of inequities it has accomplished by calling them to the attention of the producers and suppliers; and it assures the public that the present system is fair and equitable and orderly.

The committee did not find the present voluntary allocatoin agreement satisfactory. Nickel is apparently sold regularly at three different prices. A so-called markt price of around 65 or 70 cents a pound, a premium price of about $1.25 and a grey market price in the neighborhood of $2.50 to $3 a pound. The platers and other users of nickel get only about 20 or 25 percent of their base-period receipts at the so-called market price. If they can afford it, they supplement this inadequate supply with $1.25 or $3 nickel. The difficulties of carrying on a legitimate business under these conditions are obvious. No wonder small firms are being forced to the wall, while the big firms and the integrated firms which can absorb these high prices get all the nickel they want and take over the small firms' business in the process.

The ODM is trying to cure this situation by increasing the supply of nickel. They have been trying to do this under the financial assistance provision of title III of the act for 5 or 6 years. The supply has increased but most of the increase goes to defense requirements and even at that the supplies intended for the stockpile are constantly being diverted to industry. There is no indication of immediate relief for the small businesses which are suffering so severely.

This situation is the result of the allocations of nickel to defense programs. The Government cannot wash its hands of responsibility.

And I think the Government's responsibility cannot be met by an informal voluntary allocation agreement, run on the basis of informal agreements with nickel producers and suppliers, of which the public is only now becoming aware, under which the nickel consumers are dependent upon the whim of their suppliers, and with no recourse to written regulations, formal procedures, rules or regulations. As Dr. Flemming said: "If we are going to have controls, they should be formal controls so that everyone knows the rules of the game."

The amendment relating to the payment of the expenses of the Joint Committee on Defense Production is entirely technical. It is acceptable to the disbursing officers of the Senate and the House. Its only purpose is to simplify paperwork and to do away with unnecessary obligation of funds.

In view of the expiration of the Defense Production Act on June 30, 1956, I urge that H. R. 9852 be acted upon promptly and favorably by the Senate.

Mr. President, before I take my seat, there is a technical change which I am afraid I might overlook, and which I ask unanimous consent to make in the bill.

On page 3, line 2, the study and report are required to be made by July 15, 1956. It was expected that the bill would have been enacted sooner than this. I therefore ask unanimous consent that the date be changed to August 15, 1956, because there would not be time enough in which to submit a report by July 15, 1956.

The PRESIDING OFFICER. Is there objection to the amendment proposed by the Senator from Arkansas?

The Chair hears none, and the amendment is agreed to.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. CARLSON. I should like to know if the Senator has given any thought to dispersal to areas which can support it or to areas where there is a large amount of unemployment?

Mr. FULBRIGHT. That is not the purpose of the bill. There are other pieces of proposed legislation which are devoted to that purpose.

I do not think that what the Senator from Kansas has referred to is a consideration. Certainly it was not one of the motives in the adoption of this particular amendment. However, commonsense tells us that the labor supply is an important factor. I think it is a matter which, with the location of any plant, regardless of its effect upon the vulnerability of our Defense Establishment, should receive proper consideration.

Mr. CARLSON. I notice in the report that one of the considerations to be given is "when consistent with the desirability of maintaining a sound economy." Of course, unemployment areas affect the general economy of the Nation. I assume that that might have something to do with the situation.

Mr. FULBRIGHT. I would say that the Government is free, within a reasonable contemplation of the matter, to take into consideration all factors which may relate to a sound economy.

We do not say, and I certainly do not intend to say, that the economy shall be distorted or crippled in any way in order to secure dispersion. On the other hand, we do not wish to concentrate everything in a particular area merely because that is where the industry has been in the past. There is a certain amount of inertia in these matters which might prevent the dispersal of all or a substantial part of a vital industry.

Mr. CARLSON. Is it not reasonable to assume that in a program of the dispersal of defense industries and other industries in which the Federal Government makes great investments or makes special provisions, such as amortization, the entire economy should be considered, including the unemployment factor and all other factors?

Mr. FULBRIGHT. What I meant to say in my first remark was that we were not seeking to relieve distressed areas by dispersal. Commonsense tells us that when we examine into a situation and have the responsibility of deciding whether a new plant shall be located in an area where there is a great scarcity of labor, and there is great difficulty in securing labor, but there is another area where all the necessary factors are present, of course those situations must be taken into consideration.

I still do not believe the Senator from Utah [Mr. BENNETT] was seeking to relieve unemployment. There are other bills, including one before the Committee on Banking and Currency and one before the Committee on Labor and Public Welfare, which seek to attack that problem directly. I do not consider that this amendment was primarily drawn for that purpose, although I recognize that sensible men in examining the economy would certainly take into consideration whether there was an ample labor supply, whether there was a tight supply in the labor market, and whether that condition had existed for a long time.

Mr. CARLSON. Could the Senator from Arkansas advise me if rapid amortization or additional rapid amortization for defense industries to locate in unemployment areas was a factor which was given consideration?

Mr. FULBRIGHT. I think it is a factor in rapid amortization. That is the situation under existing law. It is my information that that is sometimes considered.

Mr. CARLSON. At one time additional rapid amortization was offered as an incentive in unemployment areas. I simply wondered if the Senator from Arkansas could advise me if that situation still prevailed.

Mr. FULBRIGHT. I do not know; I cannot answer the Senator positively on that point. That is not a matter within the jurisdiction of our committee.

Mr. CARLSON. I thank the Senator.

Mr. FULBRIGHT. Mr. President, I believe it is now in order that I move the adoption of the committee amendments.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Does the Senator's motion apply to the amendment on page 2 of the bill?

Mr. FULBRIGHT. That is at the top of page 2 where the executive reserve requirement is omitted. Is that what the Senator from Connecticut refers to?

Mr. BUSH. Does the language which is stricken constitute the amendment to which the Senator from Arkansas refers?

Mr. FULBRIGHT. No; I am referring to all the committee amendments.

Mr. BUSH. Is the Senator's motion to consider all the amendments en bloc or to vote on them en bloc?

Mr. FULBRIGHT. That would be perfectly agreeable to me.

Mr. BUSH. I would object strongly.

Mr. FULBRIGHT. Would the Senator object to that?

Mr. BUSH. I certainly would.

Mr. FULBRIGHT. Then, if it is in order to do so, we shall have to consider the amendments one at a time.

Mr. KNOWLAND. Let us consider the first committee amendment.

Mr. FULBRIGHT. The first committee amendment is at the top of page 2.

Mr. KNOWLAND. That is a section which is stricken out.

The PRESIDING OFFICER. The Chair may state that it would be in order to ask for the adoption of all committee amendments except section 4.

Mr. BUSH. I would not object to that.

Mr. FULBRIGHT. Very well. I ask unanimous consent that all the committee amendments except section 4, on page 3, line 10, be agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The committee amendments agreed to en bloc are as follows:

On page 2, at the beginning of line 1, to strike out:

"SEC. 3. Subsection (e) of section 710 of the Defense Production Act of 1950, as amended, is hereby amended by adding at the end thereof the following new sentence: 'No such person shall become a member of the executive reserve unless he has complied, to the extent applicable, with the same requirements as apply with respect to persons appointed under subsection (b) of this section; this sentence shall not be construed as requiring any member of the executive reserve to file a statement of changes in interests in conformity with the last sentence of paragraph (6) of subsection (b).'"

On page 2, line 12, to renumber the section.

On page 4, after line 6, to insert:

"SEC. 5. Subsection (c) of section 701 of the Defense Production Act of 1950, as amended, is hereby amended by striking out 'in the civilian market, he shall do so in such a manner as' and inserting in lieu thereof the following: 'and finds that such action will result in a significant dislocation of the normal distribution of such material in the civilian market, to such a degree as to cause appreciable hardship, he shall, whenever he finds that such action will alleviate such hardship without having an unfavorable effect on the civilian economy as a whole, exercise such controls under this act as he may deem necessary.'"

And, on page 4, after line 17, to insert:

"SEC. Effective July 1, 1956, section 712 (e) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"'(e) The expenses of the committee under this section, which shall not exceed $65,000 in any fiscal year, shall be paid from the contingent fund of the House of Representatives upon vouchers signed by the chairman or vice chairman.'"

The PRESIDING OFFICER. The remaining committee amendment will now be stated.

The CHIEF CLERK. On page 2, after line 9, it is proposed to insert:

SEC. 4. Section 2 of the Defense Production Act of 1950, as amended, is hereby amended by inserting at the end thereof the following new paragraph:

"In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States. In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act, each department and agency of the executive branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities.

Mr. BUSH. Mr. President, under the special provision of the unanimous-consent agreement, I now move to lay on the table the amendment on page 3, line 10.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. Under the rules of the Senate, a motion to table is not debatable. But under the peculiar unanimous-consent agreement which has been entered into with respect to the motion of the Senator from Connecticut, the motion to table is open to debate.

The PRESIDING OFFICER. That is correct; and 1 hour of debate has been allotted to each side.

Mr. BUSH. Mr. President, I yield myself, first, 15 minutes.

I am opposed to the Bennett amendment, which is now before the Senate, and which relates to geographical dispersal, because I consider it to be a dagger thrust at the heart of my own State and region, and of every other industrial area from the east coast to the west coast of the Nation. I am opposed to it for many reasons, which are more fully set forth in the committee report on the bill, but especially for these reasons:

First, should the amendment creep into the law, pork-barrell pressures would be exerted upon Federal officials to use Government procurement, tax favors, loans, and other forms of financial assistance as a means of developing some States to the detriment of other States.

Second, the resulting social and economic dislocations would seriously weaken the national security, instead of strengthening it, as the amendment would pretend to do.

Third, under the guise of promoting the national security by reinforcing existing law and policy, the amendment seems to make new law and to change future policy by requiring the application of "geographical dispersal" to all industries, whether defense or nondefense, and to all Government purchases of all goods and services, whether or not they are essential for security reasons. In a colloquy with the Senator from Arkansas, I have pointed that out specifically in connection with the amendment.

In an age of rapid development of long-range guided missiles having atomic warheads, every wise precaution should be taken against undue concentration of industries which are, in fact, essential to the national security. I wish to make it very clear that I am not in any way opposed to proper dispersal. I strongly favor the dispersal policy of the Department of Defense, as it appears in the hearings on the bill. Much dispersal of essential industries has, in fact, taken place during and since World War II.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. PASTORE. I am very much interested in the argument which is being developed by the distinguished Senator from Connecticut. The proposed amendment which appears on page 3 of the bill is so broad and general that, in my belief, it includes all industry, not only industry connected with the development of national security.

Mr. BUSH. The Senator from Rhode Island is absolutely correct.

Mr. PASTORE. The reason I say that is that if the Senator will contrast the language of section 4—and I hope the Senator from Utah will address his argument to this point, because, in my opinion, it is very important—with the directive which is now in existence, he will see that it says—and I read now from the directive, not from the language of the amendment:

It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to the national defense—

There is no such language in the amendment. In other words, the directive is aimed exclusively at industries which are important to the national security. There is no such language in the amendment. In other words, under the bill, it would be hard to imagine that any industry would not be entitled to fast amortization, because the language is not directed alone to industries important to the national security. I think the point ought to be clarified, because that is the fault I find with the amendment on page 3. It is too broad, and includes almost everything and anything.

Mr. BUSH. The Senator is absolutely correct. That is the trouble with the amendment. It is all-inclusive. It is not directed to defense plants, but is directed to every kind of Government procurement. I am glad the Senator has lent emphasis to that point.

Mr. President, I was speaking of the fact that communities in the interior

were no more safe from air attack than were cities on the seacoast.

It is far from clear, however, that dispersal of industries over widely separated areas is the soundest way of protecting ourselves against intercontinental missiles or other forms of air attack.

Already, communities in the interior of the Nation are no safer from air attack than communities on or near the coasts.

Salt Lake City is no more immune from such attack by our present potential enemy than San Francisco or Syracuse.

In a few years, it may become apparent that the best protection of our industrial mobilization base lies in tunneling into mountainsides for factory sites, or putting them underground.

I am no expert on these matters. Few Senators are. And the Department best qualified to advise us, the Department of Defense, has said that the proposed amendment is not only unnecessary, but may cause harm by creating confusion.

Incidentally, I wish to reiterate my observation about the confusion which it may cause, since I think Members of Congress are apt to use it as a weapon to make many demands on the Department of Defense, and interfere with the proper conduct of its business, as well as that of other departments.

The advice of the Department which bears the heaviest responsibility for an effective national defense and for protecting the national security was disregarded by our committee, which devoted shockingly little time and attention to so serious a matter.

Although the amendment may have the most far-reaching and harmful effects upon the Nation's industrial mobilization base, essential to the effectiveness of all our Armed Forces, no expert military witnesses were heard. Nor was any consultation sought with committees of the Senate possessing more detailed information, much of a highly classified nature, bearing on the problem.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. KNOWLAND. Were there any hearings before the committee on this particular amendment, where not only the testimony of the defense witnesses was heard, but also the testimony from industrial managers and others who have also contributed their part to the building of the Nation's defense and economy?

Mr. BUSH. I am glad the Senator from California raises that question. I do not think there was a single witness of that kind called before the committee, and I object very strongly to that procedure. I am glad the Senator has brought out that point.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. FULBRIGHT. Is it not true that the committee called everybody the Senator from Connecticut asked the committee to hear?

Mr. BUSH. I beg the Senator's pardon?

Mr. FULBRIGHT. Did not the committee hear everybody the Senator from Connecticut or anyone else asked to be heard? Did the committee refuse to hear anyone the Senator from Connecticut requested the committee to hear?

Mr. BUSH. I do not recall that the committee refused any request of mine. I simply observe that the hearings were very scanty, and little attention was given to the matter, and when the vote was taken only 6 members of the 15 members of the committee voted on the bill.

Mr. FULBRIGHT. Will the Senator yield further?

Mr. BUSH. I yield.

Mr. FULBRIGHT. If the hearings were scanty, the Senator from Connecticut has some responsibility for it. He is on the committee. The other members of the committee were satisfied with the testimony as it stood. If the Senator from Connecticut thought the testimony was not sufficient, or that there was any merit in his position, why did he not propose testimony? We were perfectly willing to receive anything the Senator from Connecticut cared to offer. I do not believe he should be complaining about the scantiness of the hearings. We would have heard 50 witnesses if he cared to offer them. We never refused to let anybody who wished to testify do so. We had the benefit of the Nelson committee, on which some of the most outstanding men of this country serve. For that reason, and for other reasons, we thought we had adequate justification for the amendment. I do not think the Senator from Connecticut is in a position to complain that the Committee rushed through the consideration of the bill and did not adequately consider it. We gave it all the consideration the Senator from Connecticut wanted us to give to it.

Mr. BUSH. I do not recall that the committee did or did not give it all the consideration I wanted the committee to give to it. I simply assert that the hearings were very brief and very few witnesses were called, and there was not any attempt to get representatives of industrial management before the committee. Frankly, I think the fact is that very few persons realized what a very serious effect the proposal would have. It is possible that I myself did not so realize until after the subcommittee suddenly adopted this amendment.

Mr. FULBRIGHT. If the Senator will yield further, I think this is a very serious statement. First, I should like to say that Mr. Flemming, Mr. Weeks, and Mr. Peterson gave their evidence.

Mr. BUSH. I know they did.

Mr. FULBRIGHT. Then the Senator has mentioned the lack of testimony by representatives of industry. I do not wish to read the entire list again. I thought the Senator from Connecticut was familiar with the facts. I never dreamed he would say that no consideration was given to the bill. The policy committee which I mentioned, and which made such a strong recommendation for it, had on it such persons as Mr. Walker L. Cisler, president of the Detroit Edison Co.; Mr. James T. Phillips, vice president of the New York Life Insurance Co.; Mr. Sumner T. Pike, chairman of the Maine Public Utilitics Commission; Mr. H. Gifford Till, director, Industrial and Agricultural Research and Development Department, Missouri-Kansas-Texas Lines; Mr. Ralph J. Watkins, director of research, Dun & Bradstreet, Inc. There were many others.

Mr. BUSH. Did those witnesses appear to testify on the amendment?

Mr. FULBRIGHT. The names I read are those of some of the persons who composed the committee of the National Planning Association that made the report from which I read, very strongly recommending the proposal.

Mr. BUSH. I asked the Senator if those witnesses testified. I remind the Senator that my statement was that no expert military witnesses were heard. Will the Senator state who was called that was an expert military witness?

Mr. FULBRIGHT. Mr. Flemming, Mr. Weeks, and Mr. Peterson.

Mr. BUSH. I beg to disagree with the Senator.

Mr. FULBRIGHT. I happen to be one who does not think that military experts know everything. In fact, I think their knowledge is very limited on anything but military matters. The point I want to make is that the Senator from Connecticut is a prominent and influential member of the Banking and Currency Committee. He was free to ask the chairman to invite anybody he wished to have invited. Now, what happened? Hc had no witnesses there. I submit, if he felt they were necessary, he had every right to ask for them.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. KNOWLAND. Is it not a fact that, so far as the hearings were concerned, the hearings were called on Senate bill 3407, 84th Congress, 2d session, which is a bill to extend the Defense Production Act of 1950, as amended, and for other purposes, and that does not contain the Bennett amendment? So far as concerns notice to the public, to the people scattered over the 48 States of the Union, they thought it was a bare extension of the Defense Production Act. The Bennett amendment proposes new language, and the people did not have full notice as to its far-reaching consequences.

I think no one will disagree, in generality, as to the importance of dispersion, as recommended in the general policy announced by the distinguished persons whose names were mentioned by the Senator. But there is involved the entire problem of production. If we were to disperse our industries and, as a result, lose our production at a time when we are complaining that we need more missiles, more airplanes, more tanks, and more of the other articles of defense, we might actually jeopardize the defense of the Nation by carrying out the dispersal to such an extent as to prevent us from obtaining—at the time when they are desperately needed—the necessary instruments of defense. I think that point has been ignored.

If the far-reaching consequences of the Bennett amendment had been generally known, I think that witnesscs from practically all 48 of the States of the Union would have asked to be heard.

Mr. BUSH. I thank the Senator from California for his observation on that point, and I think he is correct.

Mr. President——

The PRESIDING OFFICER (Mr. HRUSKA in the chair). The time of the Senator from Connecticut has expired.

Mr. BUSH. Mr. President, I yield myself an additional 10 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for an additional 10 minutes.

Mr. BUSH. Mr. President, I was saying that no consultation was sought with committees of the Senate possessing more detailed information, much of a highly classified nature, bearing on the problem.

Instead, the Subcommittee on Production and Stabilization held brief hearings on 2 days only, and devoted much of the time to subjects other than this amendment.

Not all members of the subcommittee attended. As a result, when the matter came before the full Committee on Banking and Currency, few of its members had heard the testimony. And when the vote was taken, only six members of our 15-man committee were recorded in favor, some of them by proxy.

Mr. BENNETT. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. BENNETT. Is it the opinion of the Senator from Connecticut that all legislative proposals reported to the Senate are reported by the vote of a full committee, with all it members present? Is not the pattern by means of which this amendment was reported to the Senate the same as that by which almost all proposed legislation comes to the floor of the Senate?

Mr. BUSH. I would say that is not the case in connection with so important a matter. Only six members of the committee were recorded as being in favor of the amendment, and I think that is an unusual situation in connection with such a very important matter as this is.

Mr. BENNETT. Was a quorum present in the committee?

Mr. BUSH. Does the Senator from Utah mean when the vote was taken?

Mr. BENNETT. Yes.

Mr. BUSH. Presumably so, or else the amendment would not be before the Senate now. Of course some of the votes in the committee may have been recorded by proxy.

Mr. BENNETT. So the amendment has come to the floor of the Senate in an entirely legal way, has it not?

Mr. BUSH. Oh, yes; I do not question that at all. I merely say that the matter was handled by the committee in much too casual a fashion, for a matter of such far-reaching import. From my own observations, I do not think the members of the Banking and Currency Committee realized the implications of the amendment. After studying the matter further, during the past few days, I realize now, even more than I did when I voted on the amendment, what some of its far-reaching effects may be.

Dispersal without the most careful consideration of all the factors involved, and on a case-by-case basis, may do far more harm than good.

Dr. Arthur S. Flemming, Director of the Office of Defense Mobilization, has expressed support of the amendment, in principle. But he carefully qualified his support by mentioning many other factors which must be considered in addition to geographical dispersal.

He summed up his position by saying:

If we permit the objective of dispersal to undermine our effectively functioning urban economy, then in terms of our total strength we have not accomplished anything. Probably we have weakened ourselves.

Mr. BENNETT. Mr. President, will the Senator from Connecticut yield to me at this point?

Mr. BUSH. I yield.

Mr. BENNETT. In the amendment is there anything which would preclude consideration of the other factors to which reference has been made?

Mr. BUSH. I cannot say "yes" or "no," in reply. But I very much fear there is. For instance, no mention is made of other factors; the entire emphasis of the amendment is on geographical dispersal, regardless of the effect on production.

Mr. BENNETT. Does not the Senator from Connecticut consider that the phrase "consistent with existing law and the desirability for maintaining a sound economy" provides adequate protection?

Mr. BUSH. That is so vague a phrase that I do not think it constitutes adequate protection by any means. If we wish to spell out what some of the necessities are in connection with maintaining a sound economy, we would come back——

Mr. BENNETT. Does not the Senator from Connecticut think that if all those terms were to be spelled out, we would arrive at a list so long and a set of specifications so rigid as to make the interpretation rather difficult?

Mr. BUSH. No. I say to the Senator from Utah that is exactly how the dispersal policy has been executed by the Defense Department. It has a list of all kinds of factors which have to be taken into account.

Mr. PASTORE. Mr. President, on that point will the Senator from Connecticut yield to me?

Mr. BUSH. I yield to the Senator from Rhode Island.

Mr. PASTORE. If it were necessary to nail down legislatively the order of the Defense Department, which has been tried and tested and found to be true, then why would it not have been wiser to have included as section 4 the language of the order itself, if it were the purpose to say from a congressional standpoint and a congressional view what the policy of the United States is. But the fact is——

Mr. BENNETT. Mr. President, will the Senator from Connecticut yield to me, so that I may reply?

Mr. PASTORE. Mr. President, I have not finished.

I suggest that the fact is that under the guise of adopting in principle a dispersal program, the committee have actually proposed language, the legal consequences of which are unforeseeable now.

Mr. BENNETT. Mr. President, will the Senator from Connecticut yield to me now, so that I may make an observation, in reply.

Mr. BUSH. I yield for that purpose.

Mr. BENNETT. Of course, the language of the directive is subject to change by executive decision at any time. If we were to attempt to write similar language in the proposed legislation, we would fix it definiteley in the policy of Congress, which is not subject to change at any time.

Mr. BUSH. That is one of the chief objections we have.

Mr. PASTORE. Mr. President, will the Senator from Connecticut yield at this point?

Mr. BENNETT. I wish to finish my comment.

So I would say that the general language of the bill, which is a statement of the attitude and policy of the Congress, backs up the specific language of the directive, and still leaves the executive department free to change its specifications as times change.

Mr. PASTORE. Mr. President, on that point will the Senator from Connecticut yield to me?

Mr. BUSH. I yield.

Mr. PASTORE. Of course, the exact opposite is true, because the substance of language which has legislative meaning cannot be changed by means of administrative rules and procedures. In this case we would be adopting as a matter of law language which could not be enlarged by administrative rules and regulations. In this case we would be saying—and I refer now to the language appearing on page 3, in line 21, where the statement is made in plain English which on one can misinterpret—

In the rendition of any Government financial assistance—

And surely that means any Government financial assistance at all—

for the construction, expansion, or improvement of any industrial facilities—

How could the language which is used be interpreted otherwise than as I have indicated?

Mr. BENNETT. Mr. President, will the Senator from Rhode Island finish the sentence?

Mr. PASTORE. Yes, I will—

and in the procurement of goods and services, under this or any other act—

Mr. BENNETT. Very well; I ask the Senator please to finish the sentence.

Mr. PASTORE. Certainly—

each department and agency of the executive branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable—

Mr. BENNETT. Now the Senator from Rhode Island is getting to the important part.

Mr. PASTORE. I am right at it now—

and consistent with existing law—

Which cannot be changed by administrative rules or regulations—

and the desirability for maintaining a sound economy—

Which might mean anything in anybody's country—

The principle of the geographical dispersal of such facilities in the interest of national defense.

Mr. BENNETT. Very well. May I reply?

Mr. BUSH. Mr. President, I trust that the Senator from Utah will be as generous with his time as I am with mine.

Mr. PASTORE. I will yield time to the Senator from Utah from my time, in order to permit him to answer the question.

Mr. BUSH. Mr. President, I am very glad to yield to the Senator from Utah.

Mr. BENNETT. Mr. President, it seems to me that we come to the key of the sentence when we reach the word "practicable." These provisions are not mandatory, without any opportunity to exercise good judgment. The words "practicable and consistent with existing law and the desirability for maintaining a sound economy" I think are sufficiently broad to make it possible for this system to operate without becoming an absolute mandate.

Mr. PASTORE. Mr. President, will the Senator from Connecticut yield for one further observation?

Mr. KUCHEL. Mr. President——

Mr. BUSH. I yield first to the Senator from Rhode Island, and then I shall yield to the Senator from California.

Mr. PASTORE. That is precisely the point the junior Senator from Rhode Island is making. Once we enact legislation, anything which is subsequently done must be consistent with the law. If anyone believes that rules or regulations can be used to water down the law, I submit that such a course is inconsistent with sound legal principles, and that it ought not be followed.

Mr. BENNETT. The Senator would wipe out the word "practicable" and he would wipe out the phrase "and the desirability for maintaining a sound economy," leaving only the phrase "consistent with existing law."

Mr. PASTORE. We could give any Government assistance to any industry, or any industrial facility, unless there was dispersal.

Mr. BENNETT. We could not have any dispersal unless it was practicable, consistent with existing law, and in the interest of national defense.

Mr. PASTORE. Now we have gone from homicide to murder.

The PRESIDING OFFICER. The additional 10 minutes of the Senator from Connecticut has expired.

Mr. BUSH. Mr. President, I will take 5 minutes more. I yield to the Senator from California [Mr. KUCHEL].

Mr. KUCHEL. Mr. President, one of the best arguments against writing this dispersal amendment into the pending legislation has been made by the distinguished author of the amendment, the Senator from Utah [Mr. BENNETT]. The distinguished Senator from Utah has suggested that he wanted something less in this bill than the careful and painstaking approach which has been made by the executive branch of the Government. He indicated that from time to time the present dispersal order of the Government of the United States is subjected to changes which are necessary and advisable. Yet the Senator from Utah suggests that he wants to rivet into the law a dispersal policy which is neither consonant with the present dispersal order of the Government, nor does it recognize that changes have been necessary in order to pefect it to its present position. I believe the Senator from Utah has made an excellent argument in favor of defeating the dispersal amendment.

Mr. BUSH. I thank the Senator from California.

Will the Chair advise me how much time I have remaining?

The PRESIDING OFFICER. The Senator from Connecticut has 30 minutes remaining.

Mr. BUSH. I will proceed from the point where I was interrupted some time ago.

The whole drive of the amendment is to focus attention primarily, indeed almost exclusively, on geographical dispersal, and the effect might well be to undermine the present structure of our economy upon which must depend our military strength.

The committee report disclaims such intention, but the language of the amendment speaks for itself. It speaks of geographical dispersal as if it were the be-all and end-all. Nowhere is there mention of the many other factors which must be considered, such as cost, availability of materials, power, skilled labor supply, ability to deliver promptly and so forth.

It is true that the committee sought to lessen opposition by modifying the original language through insertion of the phrase, "when practicable and consistent with existing law and the desirability for maintaining a sound economy." Such a phrase, however, is vague and almost meaningless when compared with the detailed specifications of the present Air Force policy on industrial production readiness. And it would lead to intolerable pressures, difficult to resist, for changes in that well-considered policy, and would thwart sound adaptions to new circumstances arising from the development of new weapons.

I urge my fellow Senators to be alert to the evils which could flow from the amendment, however well-intentioned may be its sponsors.

Let us lock fast the Pandora's box of evils which this amendment proposes to open.

Mr. President, I ask unanimous consent that my individual views in the committee's report on the bill be printed in the RECORD following these remarks.

There being no objection, Mr. BUSH's individual views were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF MR. BUSH

While I favor a reasonable extension of the present provisions of the Defense Production Act of 1950, as amended, I strongly oppose the "geographical dispersal" amendment added to the bill by a vote of only 6 members of our 15-man committee.

I oppose the proposed amendment because—

1. It greatly overemphasizes the importance of dispersal of industry as a measure of national security.

2. It creates a grave danger that decision-making Federal officials would be exposed to heavy political pressures in procurement and in location of industrial facilities.

3. Instead of strengthening the national defense, it could seriously weaken our mobilization base by forcing dislocations in the industrial and social structures.

DISPERSAL ONLY ONE FACTOR

In an age of rapid development of guided missiles with atomic warheads, no one conscious of the national security would deny that geographical dispersal is a factor which should be taken into consideration. But it is only one factor, and in many cases by no means the most important. An industrial establishment at the South Pole would undoubtedly satisfy the aim of locating plants at a desirably safe distance from the striking base of our present potential enemy. By the same token, if we were to locate all new industrial facilities solely in United States territories in the Pacific and Caribbean, we would come close to achieving maximum geographic dispersal on soil under United States control, considering the industrial development already existing on the mainland. But it is apparent that such action would not best contribute to the efficient economic mobilization of United States resources.

OTHER FACTORS

Other factors that come readily to mind in the economic evaluation of plant location are as follows:

1. Convenient availability of production materials.
2. Adequacy and productivity of labor.
3. Availability of adequate industrial fuel.
4. Sufficiency of transportation facilities.
5. Proximity to markets.
6. Adequacy of distribution facilities.
7. Dependability of power and water.
8. Acceptability of living conditions, including adequacy and cost of housing and community facilities (stores, schools, places of worship, hospitals, water and sewer systems, power and fuel, cultural and recreational facilities).
9. Availability of adequate sites.
10. Favorability of construction costs.
11. Acceptability of climate.
12. Ready accessibility to servicing, repair, and replacement facilities for machinery, components, and parts.
13. Attractiveness of tax structure.
14. Acceptability of State and local laws and regulations.
15. Overall economy and efficiency of operation.
16. Ability to meet deadlines for timely delivery of end products at specified places.
17. In the case of a defense plant, proximity to supply of capable employees who become available for defense work as production for civilian use dwindles during a national emergency.

In time of national emergency the best production with the least possible amount of money is called for, in view of the tremendous costs necessarily heaped upon the American taxpayer during such an emergency, and the need for obtaining the optimum return from the use of each dollar in order to protect the solvency of the Nation and dampen tendencies toward inflation.

As noted by one of our senatorial colleagues experienced in industrial operation, there are some 40 to 50 different considerations a private firm bears in mind in deciding upon a location for its activities.

In large measure, these have determined the present pattern of industrial location. In the absence of any dispersal requirement, industrial facilities in World War II sprang up

in many sections of the Nation. Their location was not dictated solely by dispersal considerations, even when constructed by the Federal Government itself. Since the end of the war factors apart from national defense considerations have prompted continuation of the trend to decentralize industry into small communities.

Even the Federal official chiefly relied upon by the proponents of the amendment has testified:

"I have taken this position consistently: That dispersal as an objective cannot be the only objective that can be taken into consideration. I have stressed a great many times my own feeling that one of the objectives we have to keep in mind in this country at all times is an effective functioning urban economy." (See testimony of Dr. Arthur S. Flemming, Director, Office of Defense Mobilization, given to Subcommittee on Production and Stabilization of U. S. Senate Committee on Banking and Currency on April 23, 1956, relative to S. 3407, hearings, p. 12.)

Yet the amendment would amend the basic declaration of policy of the Defense Production Act of 1950 by referring only to the policy of geographic dispersal of industrial facilities. While it closes with the condescending note that it is not to "preclude the use of existing industrial facilities," it contains no positive declaration of purpose to encourage the use of existing industrial facilities. By contrast, the current Department of Defense Directive No. 5220.5, dated November 17, 1955, affirmatively requires:

"Every effort will be made to require the use of existing facilities before new facilities are constructed."

The directive expressly recognizes that use of existing facilities is required in order to avoid the excessive cost and resulting social dislocation attendant upon their abandonment.

BROAD SCOPE OF AMENDMENT

Nor does the amendment limit its application to defense plants. It expressly mandates all departments and agencies in the executive branch to apply the principle of geographic dispersal in the following cases:

1. Construction of any Government-owned industrial facility;

2. Aid through Government financial assistance to the construction, expansion, or improvement of any industrial facility; and

3. Procurement of goods and services;

whether these actions are taken under the Defense Production Act of 1950 or any other act.

These pervasive directives are included with a purported congressional declaration of policy to promote geographical dispersal of industrial facilities of the United States and to discourage their concentration in limited geographical areas vulnerable to enemy attack.

The amendment would become a new section to the present well-rounded declaration of policy in the Defense Production Act of 1950. As now stated, that policy notes that our mobilization effort continues to require diversion of certain materials and facilities from civilian use to military and related purposes. It further states that this requires development of preparedness programs and expansion of productive capacity and supply beyond levels needed to meet civilian demand. It asserts such development and expansion is needed to reduce the time required for full mobilization in event of attack.

It will be noted that this language is all hinged to our mobilization effort. The amendment introduces the seemingly parallel and equal goal of geographical dispersal of industrial facilities in the United States.

It ignores the fact that many other considerations must be weighed in arriving at the important decision as to the best geographical grouping of the United States industrial complex in the interest of national defense. This grouping should serve the purpose of providing a readily expandable and efficient base for economic mobilization at a minimum cost.

SIMILAR AMENDMENT REJECTED IN 1951

One of our former colleagues described a similar, but less virulent proposed amendment offered unsuccessfully in 1951 to this same statute, as a pork-barrel amendment. The undignified attempt to wrap the barrel in the bunting of national security failed to disguise its true nature. Even the sponsor of this present dispersal amendment joined with 55 of his colleagues in defeating the earlier amendment in 1951 by a vote of 56 to 25, with 2 absentees recording the fact that they would also have voted against the amendment had they been present.

The amendment thus defeated by a better than 2-to-1 vote was less obnoxious than the dispersal amendment in the present bill, because it was not mandatory and it considered the factors of availability of labor and natural resources as well as vulnerability to attack. Moreover, it made no pretense of using the Federal Government's vast and important procurement powers as a means of compelling dispersal.

The arguments used in successfully defeating that proposed amendment are fully as applicable to the present dispersal amendment, in some cases to an even greater degree. These arguments may be summarized as follows:

1. Would remove industry from areas in which a speedy stepup in defense production is possible when civilian-use production slackens.

2. Increases costs to Federal Government (causes decline in tax proceeds due to larger depreciation allowances; compels Government as purchaser of end product to pay higher purchase price; requires Federal financial aid to provide new housing, schools, hospitals, water and sewer systems, and general community facilities).

3. Slows production due to difficulty of attracting capable labor and management to new areas lacking acceptable living conditions.

4. The present industrial location pattern is shaped by overall efficiency and economy, not by fortuity.

5. Forced dispersal interferes with pattern of successful production of best product in shortest time at least expense.

6. If suitable or efficient, areas of our Nation favored by a dispersal requirement would develop an industrial economy anyway.

7. Stagnates existing industrial areas, depriving them of increased efficiency and economy possible through expansion there.

8. Wastes and depreciates value of housing and community facilities readily available in such areas.

9. Leads to wasteful use of Federal funds.

10. Foreshadows Federal measures to freeze labor to jobs in order to make feasible continued operation of forcibly dispersed plants.

11. Opens the door to political pressure in the location of new industrial facilities, using Federal tax funds as an incentive or a blackjack, as required.

12. Places dictatorial power in the hands of nonelected Federal officials, enabling them to favor certain regions over others by using a test not necessarily in the best interest of national defense.

13. The amendment is an unwarranted interference with the balanced judgment of both Government and industry officials in deciding the best location for industrial facilities in the interest of national defense.

14. The initiative of small business working in a free-enterprise system itself leads to dispersal of industry.

15. The amendment embodies a wasteful proposal demanding costly construction of schools, streets, and other community facilities in the vicinity of the new plant sites.

SIMILAR PROVISION ALSO DEFEATED IN 1944

In 1944, a similar effort opposed as forcing an unnatural and uneconomic dispersal of industry also was defeated in the United States Senate. Thus, the present dispersal amendment is not a new idea, but a rehash of earlier proposals twice defeated by this same body.

CHANGES IN ATTACK TECHNIQUES DECREASE VALUE OF DISPERSAL

In successfully opposing the amendment proposed in 1951, the present minority leader noted the swiftly changing pattern of acceptable security measures. Decisions made in the light of obsolete or obsolescent security patterns would result in an unwise location of new and immobile industrial facilities. He noted that accompanying the development of the nature and destructive power of weapons, areas formerly deemed safe from attack became more vulnerable than those deemed subject to attack. Prior to the development of airpower, seaboard areas of the United States were more exposed to enemy attacks than were its inland areas. The coming of airpower abruptly changed this pattern. Inviting attention to this fact in 1951, the distinguished senior Senator from California, Mr. KNOWLAND, stated:

"Today a State in the middle of the country, may be closer, across the polar ice cap, to the threat of Soviet aggression than is a coastal State. By what standards are we to measure the likelihood that a given area would be subject to air attack?"

A mere glance at a map to ascertain great circle distances rudely shakes the idea of increased safety from attack as one leaves the seacoast of the United States. A reorientation of our perspective regarding distances in the United States is called for. From the eye of an observer seated in Moscow, U. S. S. R., Seattle is only 538 miles further than New York City. Chicago is a mere 309 miles more distant from Moscow than New York. Even Los Angeles is only 1,338 miles farther than New York.

Absolute distances airline on the great circle route from Moscow to various United States cities are as follows in order of increasing distance:

City:	*Miles*
New York	4,665
Washington	4,858
Chicago	4,974
Seattle	5,203
Miami	5,731
New Orleans	5,820
San Francisco	5,871
Los Angeles	6,003

Other places in the U. S. S. R. are even closer to some of these cities. Our usual conception of the United States as being over 3,000 miles across from the Atlantic to the Pacific is faulty in great circle distance terms viewed from locations in the U. S. S. R. Taken alone, therefore, dispersal is far less a potential safety factor than it might otherwise seem.

INCREASE IN DESTRUCTIVE POTENTIAL OF WEAPONS DECREASES VALUE OF DISPERSAL

The recent geometrical increase in destructive capacity of weapons and the increase in ability to direct them to a given target at more and more lengthy distances from the launching site tends to make dispersal per se of even less value as a defensive measure. Considering both the increase in destructive capacity of weapons and the ability to hurl them accurately over extremely long distances, it is safe to assume that the value of dispersal as a protective measure will decrease accordingly.

Emphasizing the obsolescence of recent dispersal policy, Dr. Flemming, Director of the Office of Defense Mobilization, testified that it had become necessary to abandon the so-called mileage standard whereby a line having a 10-mile radius was drawn around an area of industrialized concentration and installations beyond the 10-mile perimeter were deemed safe from a dispersal standpoint. He stated it was abandoned because it was found to be not practical or feasible. Consequently, industrial facilities located in accordance with such dispersal policy no longer met present dispersal standards. Dr. Flemming concluded that in his opinion the best that could be done under present conditions is to consider each industrial facility on a case-by-case basis, weigh all the factors and arrive at the best possible decision. (Hearings on Defense Production Act Amendments of 1956, p. 14.)

AMENDMENT EITHER UNWISE OR REDUNDANT

But Dr. Flemming noted that ODM is presently following that policy and that "Senator BENNETT's amendment would not change that one iota." In other words, whatever benefits may be derivable from a dispersal policy, they will not be increased by the present amendment. This leads to the inquiry: Why is the amendment advisable, if it does not add to the power the executive branch already claims to be exercising?

It is claimed it will constitute a confirmation by the Congress of an existing Executive policy. But either the amendment will grant new power by legislation or the existing Executive policy lacks a statutory basis. In the latter event, the present policy is invalid as an unlawful assumption of legislative power, for the Constitution places all legislative power in the Congress. On the other hand, an amendment purporting to give the executive branch authority it already possesses is redundant and unnecessary.

As successor to the National Security Resources Board, ODM already has fallen heir to that phase of its duty described in the currently effective National Security Act of 1947 as—

"The strategic relocation of industries, services, Government, and economic activities, the continuous operation of which is essential to the Nation's security."

But this is limited in effect to defense-related activities. It is not nearly as broad in scope as the present dispersal amendment.

In addition to ODM and the Department of Defense, the Department of the Air Force has a current policy on industrial production readiness that includes dispersal as one among many other factors. (See hearings on Defense Production Act Amendments of 1956, pp. 15–19.)

Both Department of the Air Force and the Department of Defense policies modify application of the dispersal policy by considering such other factors as cost, social dislocation, production delay, use of existing plants before constructing new plants, and timely delivery. The directives caution that the urgency of dispersal should always be weighted against the urgency of the requirement for timely delivery of the vital product involved.

DEPARTMENT OF DEFENSE OPPOSES AMENDMENT

It is interesting to note that in his April 30, 1956, letter to Chairman FULBRIGHT, of the Committee on Banking and Currency, Secretary of the Air Force Quarles states that the Department of the Air Force, on behalf of the Department of Defense, does not favor enactment of the present amendment. He explains the Department's position as follows:

"Proper application of the dispersal policy is an extremely complex matter and requires sound judgment and careful consideration of many factors. Each case has its own peculiar circumstances, and, therefore, there is no established pattern or formula which gives proper weight to each factor involved. Consequently, it is important that the departments be allowed to exercise their judgment to the fullest extent within the broad policy as already established in existing Executive directives. Particularly in this regard, it is noted that section 2 of S. 2879 would require that "in the procurement of goods and services under any provision of law, the Department of Defense * * * shall apply to the greatest practicable extent the principle of the geographical dispersal of such facilities in the interest of national defense." This provision would require that consideration be given to a broad general principle not always consistent with other procurement objectives. While S. 2879 is entirely consistent in its intent, with existing Department of Defense policy, the very fact that it exists could give rise to question as to its interpretation in individual cases and, in that sense, be confusing. It is therefore felt that the purpose of S. 2879 is clearly recognized and being accomplished under existing directives, and that the enactment of this bill is undesirable."

OTHER REASONS FOR OPPOSITION

Among recorded opposition to the amendment may be noted the following:

The New England Council, Walter Raleigh, executive vice president:

"Established areas present advantages which cannot be overlooked in providing adequate qualitative and quantitative defense production such as a skilled labor force, experienced administrative personnel, research and scientific facilities, as well as completed facilities of all kinds" (hearings, p. 127).

The New England Governor's Conference, Hon. Dennis J. Roberts, Governor of Rhode Island:

"Location of industry away from sources of raw materials and labor and efficient production will only increase cost and reduce effectiveness of the defense effort" (hearings, p. 127).

New England Governor's Textile Committee, Dr. Seymour E. Harris, chairman:

"Similar proposals made in Truman administration but quickly abandoned—vulnerability one consideration but proximity to markets, materials, transportation, housing, and especially skilled labor very important. Unwise to double or treble costs and cut output in order to be ready for uncertain attack of uncertain time" (hearings, p. 128).

Connecticut Development Commission, Robert P. Lee, chairman:

"Amendment * * * would seriously interfere with normal growth and the creation of job opportunities in practically every well-established industrial area in the country and would be a serious threat to the economy of the entire Northeast. In our opinion Office of Defense Mobilization is presently equipped with sufficient restrictive authority to protect the best interest and safety of the entire country and this proposed amendment is neither necessary nor desirable" (hearings, p. 127).

ODM DISPERSAL POLICY MORE LIMITED

Present ODM policy on dispersal limits it to facilities important to national security. It also recognizes the advantages of ground environment or natural barriers as factors contributing to security of a given facility and thus achieving the benefits claimed for dispersal. But the present amendment's sponsor indicates he expects it to require dispersal among several States rather than on any intrastate basis.

Courts will not interpret a statute as being meaningless; hence they will be inclined to find a grant of new dispersal policy power in this amendment—leading to an overemphasis on dispersal.

The amendment is impaled on the horns of this dilemma: It is either unnecessary and redundant or it grants new and unwise dispersal authority to the executive branch.

CONCLUSION

It must constantly be borne in mind that the purpose of industrial facilities is to produce end products efficiently and economically as needed—not to remain in absolute safety. This prime reason for the existence of industrial facilities must be considered in weighing the value of safety from attack as a factor in their location. The latter is only one among many factors in measuring the value of a given plant site, and not the most important factor.

In World War II, Germany believed dispersion of its vital industries would amply protect them against any bombing attacks then anticipated. Yet by 1944 bombing raids by the Allied forces destroyed a large segment of Germany's surface industry and also crippled the transportation system, cutting deeply into the effective production of the remaining plants not physically damaged. Too little and too late Germany turned to construction of underground industrial facilities. At the end of hostilities, she had placed underground only 16.6 million square feet of a program calling for 99.5 million square feet of underground construction. This experience should serve as a warning lest we be lulled into a false sense of security concerning the absolute value of dispersion.

Constant care must be exercised in order that dispersed industry may not become displaced industry.

Mr. BUSH. Mr. President, I yield 10 minutes to my distinguished colleague [Mr. PURTELL].

Mr. PURTELL. Mr. President, I rise to speak in support of the motion to table the so-called Bennett amendment.

It is my belief that the adoption of such an amendment as the proposed amendment, section 4, could and, in all probability, would ultimately lead to extreme confusion and disorder in the administration of the act by the executive agencies which are charged with the responsibility for carrying out its purposes.

After carefully reading the record of the testimony presented during the hearings held by the committee, I am unable to find any evidence whatsoever as to the necessity of such a proposed amendment. On the other hand, there is evidence in the record to support my contention that the addition of this amendment to the act would be undesirable since the interpretation of this new language could, in the light of the existing dispersal policy, be highly confusing.

When the author of this amendment appeared before the Banking and Currency Committee in support of his amendment, he stated:

The amendment would not require existing facilities to be dispersed. It would require all executive agencies and departments to apply, to the greatest practicable extent, the principle of dispersion in locating all new industrial facilities in which the Government renders financial assistance.

If the effect of this proposal is not to disturb existing defense facilities as far as dispersal is concerned, then there would not appear to be any logical reason for adopting this amendment, since present dispersal policy is quite clear with regard to the construction of any new facilities necessary for our national defense.

If the purpose of this amendment is merely to reiterate, as we are led to believe, the existing policy of placement of defense facilities, why then does it spell out geographical dispersal only and fail to enumerate the many other factors that are now considered in the locating of new defense construction? The only logical answer that I can give is that the plain import of this proposal is to place paramount importance upon the term "geographical dispersal" to the detriment of all other factors which should and have been taken into consideration in the past.

There is sufficient legislation now to carry out this vital program. So testified the Secretary of Commerce, whose Department bears the major responsibility for operations under the act affecting the greater portion of American industry. When questioned by the committee regarding his position on the amendment, Secretary Weeks stated:

I think, Senator, that we probably have legislation on the books sufficient to do the job, if it can be done—the job of dispersion. * * * With all due regard for Sena- BENNETT'S amendment, I do not think it would help us to get along on the road very much faster than we are.

This amendment, I would repeat, I do not think would do much that we are not doing now. * * * But I cannot see that this amendment is necessary or does anything that we are not trying to do today.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. PURTELL. I yield.

Mr. BENNETT. Has the Senator seen the letter which Secretary Weeks wrote to the chairman of the committee, in which he said:

In view of present practices of the executive branch, a congressional statement of the importance of dispersal would be helpful in securing public cooperation.

Mr. PURTELL. From what page is the Senator quoting? I have quoted from the testimony given before the committee by Secretary Weeks.

Mr. BENNETT. I am quoting from page 115 of the official record of hearings before the committee.

Mr. PURTELL. Mr. President, will the Senator indicate the portion of the letter from which he is quoting?

Mr. BENNETT. Perhaps the Senator would like to read the whole paragraph, which begins with the words "Although this Department is of the opinion." It is a short paragraph.

Mr. PURTELL. It has been called to my attention—and I assume the Senator would like to have it called to his attention also—that the testimony of the Secretary of Commerce from which I am reading followed the receipt of the letter. Therefore, I would say that the information I am giving, contained in his testimony, was his latest pronouncement on the subject.

Mr. BENNETT. In other words, when he was sitting in his office calmly writing a letter to the committee, he took a certain position, but when he came before the committee, under questioning from the very able Senator from the same area in New England, he changed his mind? Is that what the Senator means?

Mr. PURTELL. I do not agree with the Senator from Utah at all.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. PURTELL. I yield.

Mr. PASTORE. Secretary Weeks in his letter did not endorse the language of section 4 of the bill. I hope the Senator from Utah is not trying to create the impression that he did endorse it. He said he endorsed the principle of Congress reiterating, in legislative form, what the order said. He did not endorse the language of the amendment. We are finding fault with that language. That is not what the order says.

Mr. PURTELL. I quote from the letter which the Senator has called to my attention:

Although this Department is of the opinion that it would be unnecessary to provide guidance on the subject of dispersal and carrying out the Defense Production Act in view of present practices of the executive branch, a congressional statement of the importance of dispersal would be helpful in securing public cooperation.

That is entirely different—and I am sure the Senator will agree with me—from an endorsement of the proposed amendment. That is the letter the Senator asked me to read.

Mr. BENNETT. Mr. President, will the Senator yield?

Mr. PURTELL. I am happy to yield.

Mr. BENNETT. It seems to me that the objective of the proposed amendment is exactly the objective suggested by the Secretary of Commerce.

Mr. PURTELL. I beg to differ with the Senator from Utah. As a matter of fact, the Senator well knows that his proposal is not the language used in the directive of the ODM.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. PURTELL. I yield.

Mr. FULBRIGHT. Is it not a fact that that letter was the Secretary's comment he was requested to make on the amendment of the Senator from Utah? Was not that letter in response to a request for his comments?

Mr. BENNETT. That is correct. I appreciate the observations of the chairman of the committee.

Mr. FULBRIGHT. There is no confusion about that.

Mr. PURTELL. What he was doing was talking about the Director of the ODM, not the language of the proposed amendment.

Mr. FULBRIGHT. The first paragraph of the letter says what it was. There is no doubt about it. It was an endorsement of the amendment of the Senator from Utah.

Mr. PURTELL. The Senator knows that is not exactly so. When the Secretary of Commerce appeared before the committee, he made the statement I read, and I believe that at that meeting the Senator from Utah was present.

Mr. FULBRIGHT. In order to clarify the matter, let me say, if the Senator will permit me to do so, that the first paragraph specifically refers to the amendment intended to be proposed by the Senator from Utah, and that is the amendment now in question. I refer to the first paragraph of the letter on page 115 of the hearings. That letter is dated April 20. The Secretary of Commerce was directly commenting on the Senator's amendment.

Mr. PURTELL. I do not believe he was commenting on the amendment when he said what I said he said after the letter had been written.

The views of the Department of the Air Force lend further support to the rejection of the Bennett amendment. In his report to the committee, Secretary Quarles wrote:

Proper application of the dispersal policy is an extremely complex matter and requires sound judgment and careful consideration of many factors. Each case has its own peculiar circumstances and, therefore, there is no established pattern or formula which gives proper weight to each factor involved. Consequently, it is important that the departments be allowed to exercise their judgment to the fullest extent within the broad policy as already established in existing executive directives. Particularly in this regard, it is noted that section 2 of S. 2879 would require that "in the procurement of goods and services under any provision of law, the Department of Defense * * * shall apply to the greatest practicable extent the principle of the geographical dispersal of such facilities in the interest of national defense." This provision would require that consideration be given to a broad general principle not always consistent with other procurement objectives. While S. 2879 is entirely consistent in its intent, with existing Department of Defense policy, the very fact that it exists could give rise to question as to its interpretation in individual cases and, in that sense, be confusing. It is therefore, felt that the purpose of S. 2879 is clearly recognized and being accomplished under existing directives, and that the enactment of this bill is undesirable.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PURTELL. May I have 2 more minutes?

Mr. BUSH. I yield 2 minutes to my colleague from Connecticut.

Mr. PURTELL. On page 4 of the committee report it is stated:

It is the considered view of the committee that the amendment will bring public support to the agencies dispersal program, and thereby contribute to the national security.

The principle of geographical dispersal is vital to our national security. Congress should not shirk responsibility for this policy. The committee urges that Congress give its full support to the agencies working on this program, through the enactment of this amendment.

If this is what the amendment is to accomplish, namely a reaffirmation of an existing dispersal program, why is it necessary at all to insert entirely new language in the act when a statement in the report itself would be more than sufficient. If there is concern over the existing dispersal program, then I believe that the Secretary of Commerce offered a very good suggestion when he said:

I would think that if the committee wanted, in its report on the bill or otherwise, to instruct ODM and the Commerce Department to give an exhaustive look at what we are accomplishing and how we are proceeding and make recommendations, if there are any, that would come from such a study, that would be highly desirable.

There does not appear to be any clear-cut reason for the approval of this amendment and I urge the Senate to reject it.

Mr. BUSH. Mr. President, I yield 5 minutes to the Senator from California.

Mr. KNOWLAND. Mr. President, will my colleague the Senator yield?

Mr. KUCHEL. I yield.

Mr. KNOWLAND. I ask for the yeas and nays on the motion to table.

The yeas and nays were ordered.

Mr. KUCHEL. Mr. President, I shall be very brief.

Ever since the enactment of the National Security Act of 1947 and the Defense Production Act of 1950, the Government of the United States has been interested in a sound policy of dispersal of defense industries. All the people of the United States agree that a sound policy of dispersal should prevail with respect to the awarding by our Government of defense industrial contracts.

Again and again, as new information has come to the executive agencies of the Federal Government, the dispersal policy has been modernized and kept up to date.

Last January a very carefully considered dispersal order was adopted by the Office of Defense Mobilization, to take the place of one which had been in effect prior thereto. One paragraph of the order which is now in effect reads as follows:

1. Policy: It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities.

Then the order carefully enumerates the criteria according to which the Department of Defense and, indeed, all the departments of the Government of the United States, shall conduct themselves with respect to the awarding of contracts in the defense field.

Where does the Department of Defense stand on the suggestion that the Bennett amendment be written into law? I call the attention of the Senator from Arkansas to the fact that the Department of Defense is opposed to the amendment. I ask unanimous consent that a letter written by the Department of the Air Force on the 30th of April 1956, be printed in the RECORD as a part of my remarks at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE AIR FORCE,
Washington, April 30, 1956.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Banking and Currency, United States Senate.

DEAR MR. CHAIRMAN: Reference is made to your recent request to the Secretary of Defense for a report on S. 2879, 84th Congress, a bill "to promote the dispersal of industrial facilities in the interest of national defense." The Department of the Air Force has been assigned the responsibility for expressing the views of the Department of Defense.

Section 1 of S. 2879 declares that it is the policy of the Congress to promote geographical dispersal of industrial facilities in the interest of national defense, and to discourage the concentration of such production facilities in areas which are vulnerable to attack. Sections 2 and 3 of the bill prescribe a course of conduct intended to carry out that policy.

The Department of the Air Force on behalf of the Department of Defense, while in agreement with the general objective of the bill, does not favor its enactment for the following reasons:

The Department of Defense policy with respect to industrial dispersal is outlined in Department of Defense Directive No. 5220.5 dated November 17, 1955. The criteria outlined in this directive that are to be considered in seeking a solution to the problem of dispersal are (1) that dispersal will be the key factor in selection of additional sources for an item for which there are multiple sources; (2) dispersal will be one of the prime considerations in the location of new facility construction particularly when furnished at Government expense or with Federal aid to construction although this may not necessarily apply to those new facilities which constitute a desirable, but relatively minor, adjunct to existing defense facilities; (3) that all facilities will be maintained in use as required, and every effort will be made to require the use of existing facilities before new facilities are constructed; (4) that the urgency of dispersal should always be weighed against the urgency of the request for timely delivery of the vital products involved; and (5) that consistent with the preceding, the objective shall be to avoid the tendency toward over-concentration of critical defense facilities in target areas.

The Director of the Office of Defense Mobilization by virtue of the authority vested in him, issued on January 11, 1956, Defense Mobilization Order I–19, subject: "Dispersion and Protective Construction—Policy, Criteria, Responsibilities." This order indicates that:

"It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major expansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities."

Proper application of the dispersal policy is an extremely complex matter and requires sound judgment and careful consideration of many factors. Each case has its own peculiar circumstances, and therefore, there is no established pattern or formula which gives proper weight to each factor involved. Consequently, it is important that the departments be allowed to exercise their judgment to the fullest extent within the broad policy as already established in existing Executive directives. Particularly in this regard, it is noted that section 2 or S. 2879 would require that "in the procurement of goods and services under any provision of law, the Department of Defense * * * shall apply to the greatest practicable extent the principle of the geographical dispersal of such facilities in the interest of national defense." This provision would require that consideration be given to a broad general principle not always consistent with other procurement objectives. While S. 2879 is entirely consistent in its intent, with existing Department of Defense policy, the very fact that it exists could give rise to question as to its interpretation in individual cases and, in that sense, be confusing. It is therefore felt that the purpose of S. 2879 is clearly recognized and being accomplished under existing directives, and that the enactment of this bill is undesirable.

Insofar as the budgetary effect on the Department of Defense is concerned, section 3 of S. 2879 would appear to negate any adverse effect thereon.

This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense.

The Bureau of the Budget has advised that there is no objection to the submission of this report.

Sincerely yours,

DONALD A. QUARLES.

Mr. KUCHEL. I quote a portion of the letter:

The Department of the Air Force, on behalf of the Department of Defense, while in agreement with the general objective of the bill, does not favor its enactment for the following reasons:

I wish to say to my good friend from Arkansas that as I listened to his comments with respect to the Nelson report, I heard nothing which would indicate that the present Government policy of dispersal is being ineptly applied or is not being properly applied in the field in which it operates.

Mr. President, much has been said during the course of this debate by my able colleague from California, my able colleagues from Connecticut, and my able colleague from Rhode Island with respect to the ill-considered language of the so-called Bennett amendment. I have the greatest respect for the Senator from Utah. I know of no finer man in this body than is the author of the amendment, but the fact remains that the amendment is ill-considered. For the first time we hear such phrases as "limited geographic areas" and "geographic dispersion." Who is going to sit in judgment as to what those phrases mean if Congress adopts the Bennett amendment and writes it into the law?

Mr. KNOWLAND. Mr. President, will my colleague yield?

Mr. KUCHEL. I yield.

Mr. KNOWLAND. I fully concur in the Senator's statement, but if he will go a bit further, he will find the following language in the amendment:

In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services.

Does not the Senator believe that language is broad enough to affect a small-business man or a small supplier who may, in turn, be called upon to supply larger industries, whether it be for defense or otherwise?

Mr. KUCHEL. My colleague is 100 percent correct. There is no limitation upon the words which have been used in this particular amendment. So far as the specific point to which my colleague has alluded, unquestionably any interpretation of the language used would make this amendment apply to just such a situation as my able colleague from California has indicated. That is so, Mr. President, it seems to me, as to every sentence in the amendment. It is wide open. It does not apply merely to the defense of our country. It utilizes new words and phrases rather than those

which have been carefully drafted and perfected and which for the past several years have formed the basis of a sound policy of dispersal for our country.

Mr. POTTER. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. POTTER. First, I wish to associate myself with the remarks of the distinguished junior Senator from California, of the Senators from Connecticut, and of the Senator from Rhode Island.

Is it not true that this proposal is not new? I believe that in 1951 it was brought up, and as early as 1944 similar amendments were considered by the Senate, but each time the Senate, in its wisdom, saw fit to reject such an amendment.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. BUSH. Mr. President, I yield 2 additional minutes to the Senator from California.

Mr. KUCHEL. The Senator from Michigan is completely correct in his recollection of the history. Similar proposals have been dealt with in prior sessions of the Congress.

Mr. POTIER. Is it not true that if it were the intention of the authors of the amendment to keep in effect present dispersal policies they would have included other factors which are now a part of our Government policy? If we intend to put all the emphasis on geographic location, chaos might develop in the national economy and our whole industrial structure. Irrespective of whoever might be in the executive branch of the Government, there would be pressure, for political considerations, to move industrial plants.

Mr. KUCHEL. The Senator is exactly correct, and he has underlined one of the important points to be made in this contest.

Mr. President, I wish to say a further word. It has been suggested by those who sponsor the amendment that interpretation would be difficult if it spelled out all the criteria.

The PRESIDING OFFICER. The time of the Senator from California has again expired.

Mr. BUSH. Mr. President, I yield 2 more minutes to the Senator from California.

Mr. KUCHEL. Mr. President, of course, interpretation is difficult in a difficult problem such as this, but the Government of the United States has proceeded in a sound fashion with respect to dispersal, and it has a lengthy list of criteria which all Federal agencies are required to follow. Why, Mr. President, throw it all out the window and adopt the very loose language which appears in the amendment which is now before the Senate?

I hope the motion of my able colleague from Connecticut will prevail and that once again the Senate will reject an attempt to write something into the law which is not in the best interest of the people and of the Government of the United States.

Mr. BENNETT. Mr. President, will the Senator from Arkansas yield me 5 minutes?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Utah.

Mr. BENNETT. Mr. President, may I inquire how much time remains on each side with reference to this amendment?

The PRESIDING OFFICER (Mr. PAYNE in the chair). There are 9 minutes remaining of the time of the Senator from Connecticut, and the opposition has used no time whatever.

Mr. BENNETT. Mr. President, during the debate, in the time provided by the supporters of the motion to lay on the table, I think most of the case has been made. I have prepared a speech which would require about 20 minutes to deliver. Included in it are several exhibits which I should like to have printed in the RECORD. In order to bring this matter to a head I wish to make a short statement with reference to the speech, put the speech into the RECORD without reading it, and call for a quorum, after which we may have a vote on the subject, the yeas and nays having been ordered.

Mr. KNOWLAND. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. KNOWLAND. Mr. President, I suggest that the Senator complete his oral statement in whatever time he wishes to use, put his prepared statement into the RECORD, and then if both sides yield back all their remaining time, we can have a quorum call without the time being charged to either side.

Mr. BENNETT. Mr. President, I ask unanimous consent that the remarks I have prepared be printed in the body of the RECORD at this point, together with certain exhibits which fit properly into the remarks. That having been done, I am prepared to agree that all time in opposition to the motion be yielded back.

There being no objection, the speech and exhibits were ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR BENNETT ON INDUSTRIAL DISPERSAL

Since I am the author of the disputed amendment on industrial dispersal which is in the Defense Production Act, I feel it would be appropriate to speak briefly concerning that amendment, especially in view of its importance to national security and the misapprehensions which have arisen with regard to it. First of all, I wish to acknowledge the fine support this amendment has received from the committee chairman and other members of the majority and minority. This matter of industrial dispersal deserves that sort of bipartisan support.

If it were not for the "awful arithmetic" of nuclear weapons and the fact of a shrunken world—a world which will grow even smaller—there would be little reason to advocate the geographical dispersal of this Nation's industrial facilities. However, two objectives seem paramount with regard to our national security. First, this Nation must possess retaliatory power of tremendous proportions to use in the event of an attack. Second, this Nation must have the capacity to survive and rise from the ashes of an atomic attack—if one comes. Fortunately, in our preparations for both retaliation and recuperation we may also deter the enemy from attacking. As one of our military leaders has said, "We believe, however, that our primary objective is to convince the enemy that he should not attack, and if we can deter the enemy from attacking, we have achieved a 100-percent air defense."

One of the best ways we have to insure the survival of this Nation in the event of an attack is the dispersal of our critical facilities. Dispersal is still sound nonmilitary defense. To argue that dispersal is obsolete is to adopt an atitude of "eat, drink, and be merry for tomorrow we die." Dispersal is not absolute security; nothing is today. But dispersal does offer another means by which we can take added precautions which may save lives and facilities if an attack comes. I have little sympathy for the argument that because 30 million people might be killed in atomic attack that to worry about saving 10 million is foolish. This is saying that because absolute security is unattainable, relative security is of little value. We must do all we can. We must not adopt an attitude of hopelessness.

I should like now to direct the attention of this body to some of the facts concerning the present concentration of industry in the United States.

One study indicates two H-bombs could destroy one-third of our steelmaking capacity and 10 H-bombs could destroy three-fourths of our steel industry. Bomb placements on 5 cities: Pittsburgh, Chicago, Youngstown, Cleveland, and Detroit, would destroy 50 percent of our steel industry. Five additional bombs would bring the total to nearly 75 percent. Two-thirds of the ingotmaking capacity of the United States is concentrated in eight districts.

Not only are plants vulnerable but so are the workers who live in proximity to the plants. I have a chart showing the concentration of industrial workers in nine different types of industries which my colleagues may wish to view. I insert in my remarks a table prepared by the Defense Department showing this same concentration of skilled workers. It is noteworthy with regard to many of those industries that workers comprising over 50 percent of the United States total live in only 17 areas. Many of these areas would be overlapped by H-bomb fallouts. Forty-five percent of the Nation's people and industry are within range of submarine-launched missiles, according to Project East River.

I insert in my remarks excerpts from the testimony by Gen. Omar Bradley and Gen. Carl Spaatz before the Senate Subcommittee on the Air Force. In this testimony General Spaatz points up the fact that the initial attack by the Russians need not come by airpower alone. The Soviets have over 400 submarines with which they can approach our coastlines. The submarines could lob guided missiles with atomic warheads. The general reminded us of the pitiable position we were once in with regard to a mere 50 German subs. Under questioning by the junior Senator from Washington, General Spaatz regarded the 500-mile missile—not the future ICBM—when launched from subs as capable of crippling our Nation's industry and as posing a serious threat to our existence. If not used in the initial attack, Soviet submarines, in the view of General Partridge, would pose a "great threat to us, because some 30 percent of the profitable targets in the United States lie within 150 miles of the shores." The general says if the Soviets put just 50 bombs on target, 40 percent of our population and 50 percent of our key facilities, and 60 percent of our industry could be destroyed. He says further that such an attack would be "catastrophic."

I insert in my remarks excerpts from the testimony of General Partridge before the Senate Armed Services Committee on May 25, 1956. Again General Partridge stresses that certainly some Soviet bombers would

get through, and that those areas containing 53 percent of our population and 75 percent of our industry, along with the SAC bases and AEC installations would be considered prime targets. He stresses, too, that the Soviets would strive for surprise.

Another example of our vulnerability is the chemical processing industry. Eight H-bombs could destroy plants employing 20 percent of all employees in chemical process industries, more than 40 percent of our petroleum refining capacity, and 46 percent of our chemistry plants, and 52 percent of the Nation's skilled workers who produce instruments. In the Great Lakes region, for example, are to be found 47 percent of our electrical machinery manufacturing and 40 percent of our nonelectrical machinery production. Only four H-bombs would be required to take out nearly half of our petroleum processing industry.

Examples could be multiplied ad infinitum. I have brought these few to the attention of the Senate to indicate the problem we face. Of course, we can react to this challenge in various ways. We can do nothing. We can convulse our Nation by the uprooting existing industry. Or we can concentrate on dispersing new facilities over a period of time. No one seriously entertains the idea of moving existing industry. No one can seriously advocate doing nothing. We have wisely chosen a middle course aimed at new facilities. I emphasize at this point that the provision in this bill does not relate to existing industry. It does state, however, that in the construction of new facilities in which the Government renders financial assistance, geographical dispersal shall be one of the factors to be taken into consideration. This seems to me to be a minimum effort to achieve dispersal. It is realistic yet effective. Of course, Government cannot tell industry where it can build, but the Goverenment can refuse financial assistance unless a dispersed site is selected from among several suggested alternatives. The taxpayer at least ought to have the assurance that his money is not being spent to increase our already dangerous vulnerability.

One estimate has been made indicating that if we channeled 78 percent of the normal private investment for the next 10 years into dispersed areas we'd have as much dispersed capacity as we had total capacity in 1950.

Some have said we already have an industrial dispersal program. That is true. But the man who manages that program, Dr. Flemming, feels very strongly that the program would be strengthened if Congress were to declare itself on the matter. Mr. President, I ask unanimous consent to have inserted in the RECORD at this point remarks by Dr. Flemming before the House Committee on Government Operations.

The Administrator of our Federal civil-defense program, Val Peterson, feels the same way about Congress asserting itself with regard to dispersal. In a statement before that same committee Mr. Peterson said, "In the era of intercontinental ballistic missiles, when our potential tactical warning time will be drastically shortened, dispersal appears the most effective preattack defense measure." I ask unanimous consent to insert the context of that remark at this point in the RECORD.

By way of underlining the need for congressional support of dispersal, I should like to draw the Senate's attention to excerpts from a press conference held by the former Secretary of the Air Force, Mr. Talbott, to defend his proposal to disperse our future aircraft plants. I ask unanimous consent to have that excerpt inserted in my remarks.

The press asked Secretary Talbott if Congress backed him up in his policy of dispersal. All Mr. Talbott could say was that the President, Dr. Flemming, and Secretary Wilson were for it. He was asked if Congress had ever endorsed dispersal. He said Congress had discussed it. Finally, an aid said Congress had given tacit concurrence to dispersal.

On a question of this type there should be no doubt in anyone's mind as to where Congress stands. No Secretary of the Air Force should again feel that we aren't with him, or that there is an absence of approval by Congress of something so vital to our national security.

I do not think it redundant for Congress to speak out when so much is at stake. This provision may not change the mechanics of this program but it will certainly give it emphasis and support and strengthen the hands of those who administer it.

I insert editorials from the Atlanta Constitution, Des Moines Register, and the Tampa Times in favor of dispersal. I also insert an article from the Harvard Business Review entitled "Industry Must Prepare for Atomic Attack." Also a statement by the Federation of American Scientists, representing 2,000 scientists favoring this dispersal provision in the pending bill.

I want to emphasize again that this amendment, agreed to by the committee, does not make dispersal the sole factor in locating plants. A company seeking to locate a new plant site will obviously take into consideration many other factors. For instance, the firm would probably look for a favorable local tax structure, but surely Congress does not need to write that into the bill. As the mechanics of this program operate, the same firm would be advised (assuming there was no need for an exception) that if Government aid was to be given it should locate in a dispersed site. Site suggestions are usually made by our Federal officials. The company is free then to test several prospective sites against all the other criteria which are important to a new facility.

It seems to me there is a real distinction between Congress asserting itself with regard to dispersal as a criterion and having Congress say, "No plants will be located where there is no water or electricity." Our businessmen and Federal officials are wise enough to see that distinction.

Some have said that if this provision stays in the bill it means dispersal will run rampant. I am sure that will not be the case; but our progress has been slight and, if anything, we have erred on the side of timidity with regard to the location of critical facilities. The 1955 review of Project East River concluded that our progress had been "disappointing." In what I consider an understatement, that review also said: "It is fair to state that the political and economic obstacles to any such program were underestimated by project East River."

The review committee, composed of distinguished citizens, called for more Federal leadership and for the Federal Government to set an example in new Federal construction. We need to set that example both by a declaration of policy and in connection with Federal construction.

I insert a copy of a letter sent to the heads of all Federal agencies and departments with regard to new construction, urging dispersal, wherever possible, of new Federal facilities. The provision in this bill covers this facet of dispersal, too. I see no reason why Congress, which appropriates the money for new Federal buildings and construction, should not concern itself with where those facilities are to be located, especially if they are critical in nature.

Our program of utilizing tax amortizations to effect dispersal has helped; but since there is a decline in our possibilities for dispersal through that means, we must utilize such things as our procurement program to aid in dispersing facilities.

I insert a table showing the disposition of certificates of necessity for the calendar year 1953. This table indicates that of 3,770 applications, 3,111 were for less than $1 million and, therefore, dispersal did not apply. Of the remainder, laying aside ODM norms, only 210 met dispersal criteria involving $1.6 million out of over $5 million in original applications. Only about 4.9 percent of the total cases were told to disperse or else.

Mention has been made that dispersal did not help Germany in World War II. It is true, they encountered difficulty after dispersing certain facilities. But if Germany had followed a system of multiple sources of supply for critical items, she would have been much stronger. Over 50 percent of her antifriction bearings were produced in Schweinfurt. After successful Allied bombings of Schweinfurt, according to our strategic bombing survey, Germany's interdependent industry was nearly paralyzed.

Multiple source of supply is the key to real dispersal. It is a realistic, yet effective, way of achieving dispersion. It can be attained by guiding our new facilities into areas which are dispersed. Surely Congress will want to join with the Executive in implementing a program of this type. This program of dispersal may spell survival for millions of Americans in the event of attack. As I have said before, I can see no reason for Congress to remain silent with so much at stake. I urge the Senate to support this provision and to oppose any efforts to delete it from the bill.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND LOGISTICS), MOBILIZATION PLANNING AND STATISTICS DIVISION, INDUSTRIAL FACILITIES PROTECTION BRANCH

Concentration of essential defense industries in United States metropolitan areas based on employment in 1953

Type of manufacture	Percent of United States total in—		
	Top 17 areas	Top 35 areas	57 areas
Chemicals	41.9	48.9	53.8
Petroleum and coal products	49.1	57.9	61.9
Rubber products	29.0	55.8	67.2
Primary metals	54.8	63.2	72.3
Fabricated metals	54.6	64.1	72.7
Machinery (except electrical)	42.6	56.2	66.9
Electrical machinery	58.1	69.6	73.2
Transportation equipment	54.2	68.9	80.0
Instruments	47.8	72.4	76.8
Total essential defense industry	50.0	62.6	71.3
United States urban population	47.8	57.5	64.9

Source: Employment reported in County Business Patterns, 1953, published by U. S. Department of Commerce and the Department of Health, Education, and Welfare.

AREAS INCLUDED IN EMPLOYMENT DATA

In terms of industrial (manufacturing) employment in March 1953, the 16 top-ranking metropolitan areas were: New York-northeast New Jersey; Chicago, Ill.: Detroit, Mich.; Los Angeles, Calif.; Philadelphia, Pa.; Pittsburgh, Pa.; Cleveland, Ohio; St. Louis, Mo.; Boston, Mass.; Buffalo, N. Y.; Milwaukee, Wis.; Baltimore, Md.; Hartford-New Britain, Conn.; Cincinnati, Ohio; Youngstown, Ohio; San Francisco-Oakland, Calif.

NOTE.—Because it is the seat of government, Washington, D. C., is considered as important as any of the above cities, and the attached statistics include it in the top 17 areas.)

The next 18 areas are: Indianapolis, Ind.; Akron, Ohio; Rochester, N. Y.; Minneapolis-St. Paul, Minn.; Dayton, Ohio; Kansas City, Mo.-Kans.; Flint, Mich.; Bridgeport, Conn.; Toledo, Ohio; Canton, Ohio; Providence, R. I.; Columbus, Ohio; Houston, Tex.; Albany-Schenectady-Troy, N. Y.; Allentown-

Bethlehem-Easton, Pa.; Syracuse, N. Y.; Wichita, Kans.; Seattle, Wash.

The following 22 areas are included: Louisville, Ky.; Springfield-Holyoke, Mass.; South Bend, Ind.; San Diego, Calif.; Birmingham, Ala.; Davenport, Iowa, and Rock Island-Moline, Ill.; Waterbury, Conn.; Dallas ,Tex.; Evansville, Ind.; Wheeling, W. Va.; and Steubenville, Ohio; Erie, Pa.; Rockford, Ill.; Grand Rapids, Mich.; Fort Worth, Tex.; Loraine-Elyria, Ohio; Fort Wayne, Ind.; Peoria, Ill.; Worcester, Mass.; Trenton, N. J.; New Haven, Conn.; New Orleans, La.; Atlanta, Ga.

HEARINGS BEFORE THE SUBCOMMITTEE ON THE AIR FORCE OF THE COMMITTEE ON ARMED SERVICES

(Pp. 27, 41, 57)

General BRADLEY. Not unless we can protect our industry while we are so doing. I don't think that we are going to fight the whole war with what we have in being. I hope that we can protect our industry and our country to the point where we can continue to produce. So I would hestitate to say we had to win the war with the forces in being on D-day, but we might lose it if we did not protect ourselves to the point where we could continue to produce.

* * * * *

General SPAATZ. I would assume he could. I think he can; yes. Now we come to another problem. You are talking now about Russian airpower vis-a-vis our airpower. But the attack, the initial attack by the Russians, if they make it, is not confined to airpower. They have over 400 submarines, and quite obviously they are not going to attack us until they are ready to attack, and then make a surprise attack. Those submarines at such time will be equipped with guided missiles. If they turn those 400 submarines loose in the 2 oceans and approach our coastlines, and start lobbing those guided missiles with atomic warheads around, that is another serious threat which we must be prepared to meet. Everyone remembers back in the early days of World War II the pitiable position of our military strength in meeting the 30 or 45 German submarines hovering off our coast at that time. If you multiply that by a factor of 10 or more and add atomic guided missiles, you will see that becomes quite a problem.

* * * * *

Senator JACKSON. Assume the 500-mile ballistic missile, as you pointed out, isn't it a fact that you could reach a substantial part of the industrial heartland of the United States from our coasts, the three coasts?

General SPAATZ. Yes; the most important part.

Senator JACKSON. The most important part?

General SPAATZ. The most important part, I would say.

Senator JACKSON. Of the United States industrial complex?

General SPAATZ. Yes, sir.

Senator JACKSON. Insofar as our warmaking or defense-making potential is concerned?

General SPAATZ. Yes; insofar as our existence as a nation is concerned.

STATEMENT OF GENERAL PARTRIDGE BEFORE THE SENATE ARMED SERVICES SUBCOMMITTEE, MAY 25, 1956

In evaluating the Soviet threat we feel that the Soviets, if they attack at all, would launch a very large-scale air attack against this country and that they would do their best to achieve surprise.

* * * * *

If unopposed, we believe that a large percentage of the bombers launched by the Soviets could reach their targets in the United States.

* * * * *

We believe that the Soviets would attack not only the large metropolitan areas that contain the bulk of our population and industry, but that they would also attack the bases from which we mount our retaliatory strikes.

* * * * *

Fifty-five percent of the population of the country and about 75 percent of its industry are concentrated in 170 metoropiltan areas. I believe these areas, plus the Strategic Air Commands bases and the Atomic Energy Commission's facilities, would be considered price targets by the Russians.

* * * * *

If the the Russians successfully attacked the 50 most important metropolitan area targets in the complex you have described, how much of our population and industry woulld this bring under fire? About 40 percent of the population and about 60 percent of the industry of the country.

OUTLINE OF TESTIMONY OF ARTHUR S. FLEMMING, DIRECTOR, BEFORE THE MILITARY OPERATIONS SUBCOMMITTEE OF THE HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

(Pp. 10, 11, 22, 23)

We also believe, however, that attention must be given to steps that would help to insure the fact that a portion of our mobillzation base would be available following an attack on this country for use in connection with survival and rehabilitation activities, as well as for the production of those few essential military end items that would be required durlng the first phase followlng an attack and to resume production on other items as soon as possible in order to prepare for the second phase. This is why we issued Defense Mobilization Order I–19 to take the place of a dispersal policy that had been in effect since 1951.

* * * * *

Except under very unusual circumstances, we will not grant fast tax writeoffs unless the facility is located in conformity with the advice of the Department of Commerce. The Defense Department is applying the policy to milltary projects and to industrial facilities to which it has a special interest.

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Personally, I feel, however, that programs that are now being carried forward in this area and programs that may be inaugurated in this area do not rest on as sound a foundation as should be the case: (1) There is a tendency on the part of some citizens to ignore the problems in this area in the hope that it will never be necessary to face them. (2) On the other hand, there is a tendency on the part of others to regard the problems as being of such magnitude as to defy solution. (3) It is clear that a widespread acceptance of either point of view could lead to a situation wherc we would be giving up one of our most effective deterrents to war. I have had the feeling, and still have the feeling, that in order to make the maximum possible progress in thls area, the legislative branch and the executive branch should unite in expressing their convictlons relative to the absolute necessity of facing these problems in a realistlc manner, and also in expressing their joint judgment relative to the broad framework of policies within which the solution to these problems should be worked out.

1. I have the feellng that this objective could be realized if, for example, there should be established a joint Legislative-Executive Commission to which such an assignmcnt would be made.

2. It would be my hope that such a Commission could develop an agreed-upon statement of policies to be followed in this area which would be approved by the Members of both Houses of Congress and by the President.

3. Such a statement would provide the foundation on which the executive branch and the legislative branch could develop programs which would be received wlth the consideration that should be accorded them by the citizens of this country because these citizens would know that they had the endorsement not only of the executive branch but also of the elected representatives of the people.

HEARINGS BEFORE THE SUBCOMMITTEE ON THE AIR FORCE OF THE COMMITTEE ON ARMED SERVICES

(Pp. 239, 264)

A Soviet submarine attack would, however, pose a great threat to us after the initial attack, because some 30 percent of the profitable targets in the Unlted States lie within 150 miles of the shores.

* * * * *

You may think that 170 targets is a very small number, but let's look at the concentration of resources in those target areas. If we assume that the Russians could push home an attack of only—that would put just 50 bombs on the target, and that the bombs were placed properly, and were of the proper size, we would destroy or at least bring under fire about 40 percent of the population, 50 percent of the key facillties, and 60 percent of the industry of the United States, total.

* * * * *

If all 170 targets were successfully attacked some 55–58 percent of the population and 75 percent of the industry would be brought under fire, with disastrous results. I am sure you all agree that such an attack (deletion by Department of Defense censor) in this country would be catastrophic.

General PARTRIDGE. (Deletion by Department of Defense censor.) In a few years. Our capability is growing all the time. As a matter of doctrlne, we believe that the best defense is a good offense, and we belleve that our primary mission in the Air Defense Command is to defend the bases from which the Strategic Air Command is going to operate (deletion by Department of Defense censor). We believe also that we have to provide a reasonable, an equitable protection for the key facilities, the population centers, and our industry.

* * * * *

We believe, however, that our primary objective is to convince the enemy that he should not attack, and if we can deter the enemy from attacking we have achieved a 100-percent air defense.

STATEMENT FOR THE MILITARY OPERATIONS SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS OF THE HOUSE OF REPRESENTATIVES, VAL PETERSON, ADMINISTRATOR

In this connection I repeat there are only two essential prlnciples with any validity against nuclear weapons: Distance and shielding.

As far as distance is concerned we have two ways of using distance: Evacuation, both strategic and tactical, which I have mentioned briefly in connection with the survival plan studies, and dispersal. In talking of dispersal I do not mean transplanting existing industry to areas that may now be less vulnerable, but simply that in the future expansions of industry be placed so as to reduce our vulnerability. I am convinced that recent enormous advances in communications and transportation make possible such dispersal without sacrifice of productive strength.

In the era of intercontinental ballistlc missiles, when our potential tactical warning time will be drastically shortened, dispersal appears the most effective pre-attack defense measure.

MINUTES OF PRESS BRIEFING HELD BY THE HONORABLE HAROLD E. TALBOTT, SECRETARY OF THE AIR FORCE, THURSDAY, APRIL 28, 1955, THE PENTAGON, WASHINGTON, D. C.

Participant: The Honorable Roger Lewis, Assistant Secretary of the Air Force (Materiel).

The PRESS. Mr. Secretary, Congress has never given any endorsement to this dispersal policy, have they?

Secretary TALBOTT. They have discussed it, that is all.

The PRESS. Ho do you feel? Do you feel you've got pretty good backing in Congress if there is going to be any argument about this?

Secretary TALBOTT. I have talked to—the President knows all about this dispersal and is for it and so is Dr. Flemming, and so is Secretary Wilson. They all have endorsed the policy of dispersal.

Mr. McCONE. If I could inject a thought there, Mr. Secretary. Congress through the years has appropriated funds for the activation of any number of plants which would follow a pattern of dispersal such as Wichita and Tulsa and Marietta.

[From the Atlanta Constitution of April 30, 1956]

INDUSTRIAL DISPERSAL IS A "MUST" FOR DEFENSE

A recent extensive study of United States civil defense by a group of leading citizens came up with the conclusion that the present program is worse than no program at all.

While this is a probable exaggeration, there is no reason to rejoice over the progress that has been made in preparing this country for a possible atomic attack. Needless to say, this lack of preparation is inviting needless casualties should such an attack occur.

One of the failures, according to the study, is the slowness in industrial dispersal. Otto L. Nelson, Jr., head of the group, told a House Government Operations Subcommittee that the Soviets might never attack if they knew as much as 30 percent of United States industry would survive the first bombs.

A major goal, he emphasized, should be to "obtain a balanced 30 percent of our gross national production outside the metropolitan target zones." This would just about equal all Soviet production, he said, and would deter war.

Standby plants and a decentralization of industry into lesser concentrations is a must in any civil defense program. Such plans have been made, but the slowness in putting them into effect is proving a major hazard to national security.

[From the Des Moines Register of May 2, 1956]

DISPERSAL OF VITAL INDUSTRIES

A new battle over the location of defense plants is underway in Congress. It grows out of the expiration of the present Defense Production Act and the request for its extension for another 2 years.

Since development of the atomic bomb and long-range bombers, there has never been any sound argument raised against the case for greater dispersal of vital defense plants. Industry agrees that it is needed. Labor agrees that it is needed. The military agrees that it is a must. And Congress put its stamp of approval on the dispersal policy when it passed the Defense Production Act now in operation.

Heretofore the Government has relied mainly upon persuasion trying to influence the location of plants built with Government assistance. But persuasion has not always been enough.

Local community interests, business interests, and political pressures have operated at times to balk some dispersal plans.

Thus, when Defense Mobilizer Arthur S. Flemming indorsed a proposed amendment that would strengthen the Government's hand in compelling wider dispersal of vital industries, he ran into vigorous opposition from several New England Senators.

The heavily industrialized centers stand to gain little from dispersal. They fear they may lose some of what they have.

Strongest support for the strengthening amendment came from representatives of the Rocky Mountain States which have little industry.

In both instances the Senators were judging a measure, intended to be in the best interests of the Nation as a whole, strictly from the selfish interests of their local communities.

That conflict of interest is very likely to prevent the granting of stronger powers to the Government to compel dispersal, but it is at the same time the best argument that can be made in behalf of its adoption.

[From the Tampa Times, April 30, 1956]

INDUSTRIAL DISPERSAL POLICY URGED BY SENATOR

Important and immediate planning is necessary if the United States is to be able to withstand the initial blows of an atomic attack and maintain its industrial output at a high level.

With this point in mind, Senator BENNETT of Utah has offered a valuable amendment to the Defense Production Act. It would require all executive agencies and departments to apply the principle of dispersal in locating all new industrial facilities in which the Government renders financial assistance. The key word in the last sentence is "new." Senator BENNETT's proposal would not force removal of existing industries from their present sites, but it would discourage further concentration of the Nation's industrial production power in single target sectors.

Naturally, representatives of the established industrial centers—such as the New England States—are opposed to the amendment. They want nothing to inhibit the growth of the already giant plants in their areas. Yet, in taking this attitude, they are placing the Nation in an extremely precarious position.

Here is the danger as Senator BENNETT sees it:

"Sixty percent of America's industrial production lies in a 'heartland' running from Illinois to lower New England. With the fall-out problem what it is, this entire area could be blanketed by destruction.

"Forty-five percent of the Nation's industry is within range of submarine-launched missiles."

It should be noted here that the Russian Navy has the largest underwater armada in the world. Its submarine fleet is reported at 400, with a production rate of new submarines set at 85 per year. Since the Russians have little coastal area to protect and no shipping lanes to guard, the submarine fleet is clearly an attack force.

Senator BENNETT further observes that 77 percent of the Nation's total coke capacity, 82 percent of its iron capacity, and 73 percent of its ingot capacity is contained within 10 districts. One H-bomb exploded near the center of each district would severely damage these vital fuel capacities.

The Senator estimates that only two H-bombs would be needed to cut the United States steelmaking capacity by one-third; 4 of these weapons could destroy more than 40 of the petrolcum refining centers and saturation nuclear bombing of the Great Lakes region could drastically cripple electrical and nonelectrical machinery production.

These figures demonstrate rather frighteningly the vulnerability of United States industry to an enemy attack. Less than a dozen well-placed H-bombs could have a decisive effect in crippling United States industry. Since the industrial might of a nation is its basic source of strength in war today, a loss of this magnitude could spell the difference between victory and defeat.

Senator BENNETT recognizes that it would be impractical to attempt any mass dispersal, but his argument that current targets should not be made larger makes good sense. He simply suggests, for instance, that if an electrical machinery plant in the Great Lakes region is considering enlarging its output by constructing new facilities, the new facilities should be erected completely out of the present area.

The advantages of dispersal should be apparent to United States industry and many already are looking to other areas to establish branch operations. The Air Corps has adopted a policy similar to that proposed by Senator BENNETT, but the importance of even this policy would be greatly highlighted if Congress added its weight to such a program.

In this regard, Senator BENNETT has said, "While it is true that the Executive has a program of industrial dispersal, I believe Congress should share in this program by affirmatively stating its policy with regard to industrial dispersal. Our failure to do so in the past has, in my opinion, reduced the effectiveness of the Executive's efforts in this regard."

Certainly, congressional endorsement of the dispersal policy would increase its significance and impress upon both industry and the Executive the necessity of adopting this program. It is hoped that other Congressmen see the wisdom of Senator BENNETT's proposal and give it their wholehearted support.

INDUSTRY MUST PREPARE FOR ATOMIC ATTACK

(By Marshall K. Wood)

(EDITOR'S NOTE.—This article has been written by Mr. Wood while studying at the Harvard Graduate School of Public Administration under a Rockefeller public service award, on leave of absence from his position as Chief of the Mobilization Planning Branch, Office of the Assistant Secretary of Defense (Supply and Logistics). The views expressed are his own, and do not necessarily reflect the policy of the Department of Defense.)

This Nation faces a military threat unique in its history: An avowedly hostile nation, the Soviet Union, with the present capability to attack and destroy our major centers of population and industry. We do not have the power to prevent such an attack, but only to blunt it somewhat and perhaps to deter it with the threat of retaliation in kind. The effectiveness of even the retaliatory threat is in question, since the bases from which retaliatory strikes would be launched are themselves vulnerable to a sneak attack; they might be crippled before they could get into operation. A measure of short-run protection may be achieved by improved air defense and by the construction of more and better dispersed bases for our retaliatory forces.

An even greater threat is on the horizon: The development of intercontinental ballistic missiles with hydrogen warheads which would travel so fast that neither adequate warning nor effective interception appears possible. The possession of such weapons would give a ruthless aggressor a tremendous advantage. The only defenses against these weapons appear to be the creation of a mobile retaliatory force, which could maintain the threat of retaliation in kind despite a sneak attack; and industrial dispersal, to increase the probability that a sufficient, balanced industrial capability would remain after attack to support continued effective combat operations while meeting minimum needs of the surviving population.

Fortunately, it is probably feasible to create such defenses within the 5 to 10 years that may remain before substantial quan-

tities of intercontinental ballistic missiles are produced. Business and industrial leaders have a special stake in these problems—not only for the sake of their own survival and their interest as citizens and taxpayers, but because a major part of the possible remedial action is in their hands.

CHALLENGE TO INDUSTRY

If these defenses are to be created, businessmen must, in collaboration with the Federal Government, take major responsibility for better dispersal and relocation of industries essential to national survival and retaliation after atomic attack; for planning the use of existing dispersed small plants to meet military and vital civilian needs in the event of destruction of major metropolitan areas; and for the assembly of industrial data and development of procedures for rapid preattack and postattack assessment of damage, postattack reprograming, and production control.

The element of initiative is vital. Management's role cannot be considered a passive one; "going along" with Government leadership is not enough. For reasons which will appear later, much of the job can be done only by industry.

Here are the main propositions I shall discuss:

We must face up to the very real possibility that the best military measures we can take may not be an effective deterrent to Soviet attack.

A successful attack against our 50 largest metropolitan areas would devastate over 60 percent of total manufacturing production, and over 70 percent of production of the critical hard goods industry. Actually the effect on production would be even more severe because of imbalances and bottlenecks, at least as our industrial pattern now exists.

There are many things we can do, both in the short and the long run, to increase our capability to survive and fight after atomic attack. Fundamentally there are two jobs to be done:

1. We must set up administrative machinery which would permit us to make the best possible use of the human and material resources remaining after attack.

2. We must seek a geographical redistribution of our resources, with particular emphasis on achieving such a balance of industry in dispersed areas as will most nearly correspond to our postattack requirements.

These tasks are equally urgent and should be done in parallel; to this end there are a number of new techniques and concepts that will be helpful.

MILITARY THREAT

A great deal is being written about the era of "atomic plenty," and the "nuclear stalemate" which is thought to have arrived with it. President Eisenhower says that there is no longer any alternative to peace; and this can hardly be questioned from the United States standpoint. It takes two to make peace, however, and Mr. Molotov now holds, or purports to hold, a different view: he says that nuclear war would destroy the United States, but not the Soviet Union. This may be only propaganda, but we can hardly afford to dismiss it as such without a hard look at the question of whether approximate equality in nuclear weapons will, in fact, necessarily produce a stalemate.

Atomic plenty

We have been told officially that nuclear weapons have achieved virtually conventional status in all our armed services. Senator SYMINGTON, former Secretary of the Air Force and now a member of the Armed Services Committee, said in a Senate speech last summer that there was no longer any shortage of nuclear material, and that it was then possible to manufacture both H-bombs and A-bombs inexpensively and in great volume.

But as President Eisenhower recently pointed out, even if the United States maintains its lead in numbers of atomic weapons, it will be of little significance after the Soviet Union has enough to serve its purposes. "If you get enough of a particular type of weapon," he remarked at a news conference, "I doubt that it is particularly important to have a lot more."

What about the capability to deliver atomic bombs to targets a quarter of the way around the world? The United States is said to have more than 1,000 6-engine B–47 medium jet bombers, which presumably can reach almost any point in the Soviet Union from advanced bases in Alaska, Greenland, England, Spain, North Africa, the Middle East, Okinawa, or Japan; or, with aerial refueling, from bases in the continental United States. In addition, we are now building a smaller fleet of 8-engine B–52 heavy jet bombers which presumably can reach most parts of the Soviet Union from bases in the United States without refueling (to replace our B–36's, which are soon going to be obsolescent).

We also have a number of strategic fighter wings, which will be equipped to carry atomic bombs. In all, the Strategic Air Command (SAC) portion of the 137-wing Air Force will comprise 54 wings, of 30 to 75 aircraft each. We can likewise count on a growing number of Navy carrier air groups designed to carry atomic bombs.

The Soviets are building T–39's, comparable in size, shape, and presumably in performance to our B–47's. And at the 1954 May Day celebration they flew a new heavy bomber, the T–37, comparable in size to our B–52 but having only 4 jet engines instead of 8. Some observers concluded that the T–37 must have engines of twice the power of any yet designed in the United States; if this is a correct deduction, it would certainly have substantially better range and performance. Most observers agree, however, that the backbone of the Soviet strategic air force is still the TU–4, a copy of our B–29, of which they are thought to have more than 1,000. These planes are probably capable of attacking most parts of the United States on one-way missions only, but the Soviets probably would not hesitate to send them on one-way missions if it served their purpose.

Air defense penetrable

To get the bombs to the target, the bombers have to break through the air defense forces. About 3 years ago, General Vandenberg, then Chief of Staff of the Air Force, said that in his judgment at least 70 percent of any enemy bomber force attacking the United States would get through to its targets. Despite improvements in the air defense system, General Twining, the present Air Force Chief of Staff, reaffirmed about a year ago that at least 70 percent would probably still get through. A leading air defense scientist has recently stated that it would be possible to build an air defense system which would knock down 50 percent of an attacking force if a great deal more money were spent on it than is presently contemplated.

Concerning the Soviet Union air defense capability, General Twining in his testimony before the House Appropriations Subcommittee in February 1954 said:

"The Soviets have continued their great effort to build up an air defense system. They have completed replacement of piston fighters with jet fighters and are continuing to make improvements in their jet fighters. There has been a rapid expansion of the early-warning, ground-controlled intercept radar coverage with improved modern equipment. Of major importance has been the integration of the satellite air forces into an efficient organizational structure for the over-all Soviet bloc air defense system."

But in their case, as in ours, the defense is penetrable. As General Twining went on to say:

"By employing the principle of mass saturation of the enemy's defenses, utilization of cloud cover, altitude and hours of darkness, the present striking force can penetrate the enmey's defenses with acceptable losses."

Admiral Straus, Chairman of the Atomic Energy Commission, said that one H-bomb could destroy any metropolitan area. Nearly half the population of the United States lives in 100 metropolitan areas; over 60 percent of the industrial capacity of the United States is located in 50 metropolitan areas. Probably the distribution of population and industry in the Soviet Union is not far different, although the proportion of both population and industry in large cities may be somewhat smaller. But even if air defense capability were improved to the point were 50 percent of the attacking bombers were shot down, only a few hundred aircraft—small fraction of those available—would be needed to destroy half of either the United States or the Soviet Union.

It is clear that each of the two nations now has the capability of largely destroying the other.

No atomic stalemate

Does this make an atomic stalemate? The United States clearly will not initiate a preventive war against the Soviet Union; no matter how desirable that might be from the standpoint of cold military logic, it would be constitutionally, politically, and morally impossible for us to do so. It seems equally clear that the rulers of the Soviet Union would not attack the United States if they expected that the Soviet Union would be annihilated as a result—at least, not unless their situation were so desperate that general chaos seemed attractive to them. (It is conceivable that such a situation might sometime arise, but it seems hardly likely in the near future.) But would a Soviet attack on the United States necessarily lead to Soviet annihilation if the initial Soviet attack were directed primarily against SAC bases instead of cities?

The key to this question is whether or not we could expect to get enough warning of attack to get our SAC aircraft loaded with atomic bombs and into the air before the Soviet aircraft reached their bases. This is the major risk that the Soviets would have to weight in contemplating an atack on the United States. Our advance bases overseas could not expect, considering their locations, to get more than a few minutes' to an hour's warning, which is hardly likely to be enough to get the planes loaded and into the air, if there should happen to be planes on the bases at the time. By contrast, the SAC bases in the United States might have up to several hours' warning; this should be sufficient to get all serviceable planes into the air, but might not be sufficient to get them loaded with bombs. And the planes operating from bases in this country would have a limited capability if their advance overseas bases had been destroyed.

The number of SAC bases has not, of course, been publicly disclosed; but it is apparent, from the fact that most of the wings are doubled up, two on a single base, that there are fewer home bases than wings. Including the advanced bases overseas, there can hardly be more than 100 bases in all, and perhaps considerably less. If the Soviet air force could destroy these bases in an initial attack, the Soviet Union might largely escape damage from a retaliatory strike by the United States. On the basis of the available information, it is hard to escape the conclusion that the Soviets may now have the capability to make a decisive sneak attack, and might retain it even in the face of considerably increased American air defense capability.

Certainly, on the strength of official public statements from Washington about our air defense, the Soviet rulers have adequate grounds for thinking they have such a capability; and the thing that matters most is not whether they have it, but whether they think they have it.

If the Soviets should attack us, they would of course try first to destroy our SAC bases. To that extent, the major portion of the initial military effort would be directed against purely military targets—which would be something of a paradox in an age characterized by weapons of almost inconceivable destructiveness.

At the same time, any striking power beyond that needed to destroy the SAC bases would probably be directed at those areas vital for our continuing retaliatory power: the large cities with civilian airports (from which the SAC bombers that got into the air before the attack could operate), and the major port cities (from which we could supply or reinforce NATO forces in Europe). Or these might be the targets of an immediate second wave of aircraft. Also, the destruction of coastal cities could be accomplished by detonation of bombs concealed in tramp steamers or by missiles launched from submarines, as well as by bombs dropped from aircraft. Although such missiles would probably not be very accurate, they would not have to be more accurate than the World War II V–2's, considering the radius of destruction of the hydrogen warhead, in order to have a good probability of destroying a metropolitan area.

Thus, this situation seems very far from a stalemate, but is rather one in which a very great, and possibly decisive, advantage would be gained by the nation that made the first atomic strike.

Retaliatory power

What actions can we take to mitigate this intolerable threat? The distant early warning line, soon to be constructed along the Arctic shore of Canada and Alaska, together with the airborne and shipborne extensions, may when completed provide a good chance that we would get enough warning of an attack to permit SAC to get its planes loaded and on their way for at least one retaliatory strike before its bases could be destroyed. This might or might not act as an adequate deterrent. And there are admittedly many gaps in the radar screen where an enemy force might slip through undetected. To provide reasonable assurance of a continuing combat capability, it would certainly be necesary to build additional dispersed SAC bases, and to improve the kill percentage of the fighter and anti-aircraft missile defense forces.

Against intercontinental ballistic missiles, however, neither effective warnings nor defense appears possible. Even an equal or greater ability on our part to retaliate in kind would not necessarily be an adequate deterrent, since our missile launching sites might be destroyed in a sneak attack, leaving us little chance of retaliation because of the shortness or absence of a warning period.

Moreover, the Soviets would have a further advantage because of the relative ease with which they could locate our missile launching sites, in comparison with the difficulty which we would have in locating theirs. To maintain an effective counterthreat we would need retaliatory forces which were continuously moving in an unpredictable course. Such forces, if they could be created, would be invulnerable to attack by ballistic missiles, whose aiming point is fixed prior to the moment of launching. The Navy is now developing sea-based and ship-serviced jet bombers which might provide such a force. Even better, if feasible, would be the development of long-range missiles launched from ships or submarines.

The fact remains that there is a substantial chance that the best military measures we can take may not be an effective deterrent to Soviet attack. If they are not, and an atomic attack is made, would we then surrender and accept Communist domination? Or is it possible that we could and would, even assuming mutual destruction of a major part of both United States and Soviet human and material resources, still put up a fight for the maintenance of a free society in the world?

There are many things we can do, both in the short and the long run, to increase our capability to survive and fight even after atomic attack. If we resolutely face the problem, we may be able to accomplish these actions in time. And if we do, the knowledge that we are prepared to continue to fight even after a crippling initial strike may serve as a substantial additional deterrent to attack.

CONSEQUENCES OF ATTACK

What effects would the probable Soviet weapons have in an attack on the United States?

The last United States H-bomb has been variously reported to have a yield of from 8 to 17 megatons. (A megaton is an energy release equivalent to that produced by 1 million tons of TNT.) Val Peterson, Federal Civil Defense Administrator, has mentioned the probability of H-bombs of 40, 50, or 60 megatons.

Weapon effects

The blast and thermal radiation effects of the H-bomb are presumably similar to those of the A-bomb, though, of course, greater because of the difference in yield. The fallout effect poses a distinct, additional hazard.

The handbook, the Effects of Atomic Weapons, prepared by the Atomic Energy Commission and published in 1950, provides basic figures on the blast and thermal radiation effects of A-bombs and gives formulas for extrapolating for weapons of different yield, which presumably can be applied to H-bombs. As for the hazard to personnel from radioactive fallout, that was carefully described in the recent public announcement of the AEC:

"Blast: The effects of blast are summarized in exhibit I for weapons of 20 and 50 megatons. It will be seen that a 150-percent increase in yield produces only about a 36-percent increase in radius of destruction. The radius of destruction increases approximately as the cube root of the increase of yield.

"Thermal radiation: The tremendous heat radiated from A-bombs is a comparatively negligible cause of damage to structures, in view of the fact that blast damage extends to a greater distance. (The radiated heat may be a major cause of casualties to people caught without shelter, however.) But the intensity of radiation does not decrease with distance as rapidly as does blast pressure. Thus it seems probable that the heat radiated by an H-bomb, with its greater yield, would start fires at greater distances than those at which structures would be destroyed or severely damaged by blast. This would be especially true when the air is clear, dry, and free from dust and smoke. The effects of thermal radiation on structures can be greatly reduced by painting them a light color, or otherwise increasing their reflectivity. Also, the Army Chemical Corps has reported that artificial smokescreens could be used to absorb some of the radiation.

"Fallout hazard: Following the March 1954 test at Bikini, fallout of lethal intensity was deposited in a cigar-shaped area extending downwind from the explosion about 140 miles, and as much as 20 miles wide. Fallout of lower intensity, possibly lethal in some cases, extended about 220 miles downwind, and about 20 miles crosswind and upwind, for a total of about 7,000 square miles of contaminated area.

"Reasonably adequate protection from fallout may be obtained, however, by taking cover in an ordinary basement, or digging a trench, and remaining undercover for several days (or perhaps a week in the most heavily contaminated areas). Even an ordinary house would provide some shelter, especially one of brick or masonry. Since the fallout does not normally start to come down for an hour or so after the explosion, it should be possible for most persons who escaped injury from the blast and thermal effects to take cover effectively sheltering them from fallout injury.

"A much more effective program of public education and much more widespread construction of shelters, both in homes and in industrial facilities and public buildings, seems essential to minimize casualties from fallout. If such actions are taken, fallout need not be a major source of casualties, though it would almost certainly result in paralyzing normal economic activity for a period of weeks, at least, over very wide areas."

Cumulative damage

Now, what about the cumulative damage to our human and material resources?

Exhibit II (chart not printed) shows the percentages of our total population and total industry which were located in metropolitan areas, in order of size, at the time of the last census.

Counting one bomb to a metropolitan area, and assuming no warning, we see that an enemy could destroy 30 percent of our population with 15 H-bombs and 43 percent with 50.

If everyone in our 50 largest metropolitan areas were killed, our population would be reduced to about the level of 1916. However, there is a good chance that a considerable portion of the urban population could be evacuated, so that the loss need not be this high.

Manufacturing production is much more highly concentrated than population, and hard goods production is more highly concentrated than manufacturing as a whole. Over 30 percent of our total industrial production comes from 5 metropolitan areas; 15 metropolitan areas produce 45 percent of all manufactured goods and 52 percent of hard goods; 50 metropolitan areas produce 62 percent of our total manufacturing output and 72 percent of our hard goods output.

However, our industrial production has been growing much more rapidly than our population, so that despite the greater concentration, loss of 50 metropolitan areas would would still leave us with undamaged plants which are now producing goods equal to our total production in 1934, as contrasted with a population equal to that of 1916. Of course, as our industry is now distributed, it is likely that much of the undamaged capacity would be immobilized because of dependence upon particular critical materials or components produced largely or exclusively in the large metropolitan areas. But this is a situation we can rectify.

Industrial bottlenecks

What could we do in an emergency with the portion of our resources which might be left after an attack? The overall situation need not be hopeless if we prepare for it.

The big problem, of course, is that the portion of our resources which remain undamaged would be very badly balanced in terms of the relative capacity of different industries required to produce the kinds of things we would need in order to survive and continue fighting.

This problem is illustrated in exhibit III (chart, not printed), which shows the distribution of total production in the 50 largest metropolitan areas for the instruments, electrical machinery, fabricated metal products, chemicals, and (for contrast) the textile industry groups. The instrument industry is the most highly concentrated of any major industry group (defined as the two-digit level of the standard industrial classifica-

tion), with 52 percent of United States production in 3 cities, 69 percent in 10 cities, and 80 percent in 25 cities. The textile industry group is the least concentrated. Unfortunately, the industries we would need most for survival and retaliation in a post-attack period are rather highly concentrated.

A further breakdown by products is shown in exhibit IV. Note that if an aggressor selected targets primarily on the basis of damage he could do to production of specific items, it would be possible, for example, to wipe out 54 percent of rubber production by destroying the 10 largest metropolitan areas for that particular type of production; while if the 10 largest areas for all types of production were selected as targets, 29 percent of rubber production would be included in the attack. Although an attack aimed at the largest cities in terms of all types of production would also serve to cripple a roughly corresponding amount of the production of many specific items, it might be feasible for an aggressor to pinpoint his attack on some of the more critical items with even greater effectiveness. (All these production figures are from the last census of manufacturers in 1947; the new 1954 figures are not yet available, but soon will be.)

By comparing such data for individual industries and products with the requirements, industry by industry, to support the most vital military and civilian needs after attack, it should be possible to determine the particular industries and products which are most likely to become bottlenecks. (These are not likely to be the same as under conditions of all-out production for a general war without domestic bomb damage. Thus, there would be much heavier requirements for repair and reconstruction of damaged facilities, both military and civilian, and probably much lighter demand for some military products, such as infantry weapons and ammunition.) Such analyses would provide a realistic basis for advance preparations.

MAKING PLANS

We can takea number of steps to improve our short-run capability to survive an atomic attack and continue effective combat operations. We need to do the following:

1. Develop procedures for estimating the overall effect which various different kinds of possible attacks would have on our industrial production capability.

2. Formulate new strategic plans, approximately consistent with potential post-attack industrial production capabilities, and translate these plans into production requirements for specific products.

3. Undertake detailed mobilization production planning with individual plants in order to insure that the specific items we would need can be produced up to the limit of the overall post-attack production capability.

4. Devise methods for rapid post-attack assessment of actual damage, and for determining quickly the size and character of the military program which available resources would permit us to undertake.

5. Think through and blueprint in advance the kind of industrial production control techniques which we would need to get the undamaged portions of the economy working again quickly after an attack.

Estimating damage

The only feasible method of preattack damage estimation, and the easiest and quickest method of post-attack damage assessment, is to have data on the characteristics and location of resources collected in advance and plotted in accordance with some kind of common geographic reference system for the surface of the United States—such as the Universal Transverse Mercator grid, a rectangular coordinate system which is already used by the military services for other purposes. Then a specified attack pattern (anticipated or actual) can be plotted on the same system, and the specific damage can be computed.

The application of such a system of damage assessment is perhaps best illustrated for manufacturing industries, although it is equally applicable to other resources:

There are about 280,000 manufacturing establishments in the United States, but about 80 percent of their total output is produced by the 10 percent of the companies which have over 100 employees. It would be a fairly strightforward matter to determine the coordinates of each of these 28,000 plants in accordance with the standard grid system, working from the manufacturing location address given on the Census of Manufactures schedules. Census data on production and employment could then be associated with these coordinates.

If an attack pattern were specified in terms of the coordinates of the points at which the bombs were dropped, the distance of each plant from each bomb could then be calculated by simple arithmetic. The approximate extent of damage to each plant could then be derived from the computed distance to the nearest bomb and from the energy yield of the bomb. The data on production and employment could then be summarized by specific industry and product, by class of damage. If all the necessary data were prepared in advance and maintained on magnetic tape accessible to a large-scale electronic computer such as the Univac, the entire computation for one attack pattern could be performed in a few hours.

More detailed information is needed as to the type of construction of plants (including the reflectivity of building exteriors), since this may make a considerable difference in the extent of damage to plants at the outer edge of the blast area. Ideally, such data on all industrial plants with over 100 employees should be collected and introduced into the damage assessment procedure. In the absence of such data, however, it should still be possible to get useful results by assuming that each plant conforms to the average type of construction in the industry group in which it is classified.

The fact that census data apply only to current production of particular products rather than to capability (for more of the same products or for different products) means that more precise information is also needed from industry as to how much of what it could produce when operating to meet an all-out emergency.

It should be feasible for plant managers to estimate the total capacity of a plant expressed as its maximum potential employment. Capacity for particular products could be expressed in physical units, such as number or weight, where the product classes were relatively homogeneous, or in terms of value where the product classes are more heterogeneous. The relation of capacity for individual product classes to total capacity could be roughly measured by the radio of employment needed for each product to the maximum potential employment at the plant when operating at capacity. (The technique of estimating capacity in terms of maximum potential employment was used with fair success by the Bureau of Labor Statistics during the Korean war.)

New mobilization plan

Assuming that a workable procedure for damage assesment is available, then the next step is to develop a realistic military mobilization plan, consistent with the probable postattack availability of resources.

Previous mobilization plans have generally been based on the assumption of a rapid expansion of the military forces and the supporting industrial production over a period of years after the start of a war. In fact, the requirements derived from these plans often exceeded the estimated total national industrial production capacity, even without taking any bomb damage into account.

Thus it was found necessary 3 years ago to reverse the usual planning process, and start with ODM estimates of total national production capacity and minimum civilian needs and try to fit the military planning within the ODM estimates of the capacity available for military production remaining after meeting minimum civilian needs. This process was a move in the right direction, but still it did not allow for any loss of production capacity from bomb damage, since at that time there did not yet exist any substantial capability to inflict bomb damage on the United States.

It now seems essential to develop a new mobilization plan consistent with estimates of the industrial capacity likely to be available for military production in the light of (a) probable loss of capacity through bomb damage and (b) minimum civilian requirements for food, shelter, and essential reconstruction of transportation, communications, and other vital facilities. Such estimates should be based on consideration of a variety of alternative possible patterns of attack, and the estimates of capacity remaining after each attack should be weighted according to subjective estimates of the relative probability of each attack pattern.

The resulting estimates of capacity available for military production could be expressed at this stage as total production capacity in the hard goods industries, as was done 3 years ago in developing the last set of mobilization production schedules. Then military mobilization plans should be developed which would not require more hard goods production than could be produced by the estimated capacity likely to remain after attack. Production requirements for specific items could be developed from those plans, which would serve as the basis for revised mobilization production planning with industry.

It is clear that the total postattack hard-goods capacity could not all be used effectively to produce the particular products needed. As a result, the military mobilization plans developed by this procedure would call for more production of many products than would be actually feasible. Therefore, to get maximum production of the needed items, a principal objective of mobilization production planning with industry should be to insure that the capacity for the desired individual products is as nearly as possible equal to the total hard-goods capacity.

Detailed plant schedules

For a number of years the military services have been making war-production plans with industry, under what is called the production-allocation program. Under this program, representatives of the military services approach a potential contractor with their desired wartime production schedule for a particular item. Through mutual discussion, this schedule is modified to fit the capabilities of the plant, and an agreed tentative mobilization schedule is developed. Planning under this program is now concentrated on about 1,000 hard-to-produce, long-lead-time military equipment items and their major components. About 25,000 plants are participating in the program in some degree. At present, this program does not reflect probable bomb damage, either in the development of requirements or in the selection of plants; but the basic procedures can be adapted to the new situation.

In developing individual plant schedules for the production of potentially critical items, either military or civilian, primary consideration should, of course, be given to plants which are not located near any major metropolitan area or near any other likely target such as a SAC base. After allowing for what was shown in the preceding exhibits, there remains a considerable part of total United States manufacturing capacity which is relatively invulnerable to

attack because of its widely dispersed locations. To make sure we find all there is, it seems desirable to make a systematic canvass of the plants reporting in the new 1954 Census of Manufactures, and to plan with these dispersed plants to the maximum feasible extent.

For many critical items, however, there will be no way of getting along without using some of the more vulnerable plants. A substantial part of the total postattack production capability will derive from plants which are in more or less vulnerable locations, and which might be destroyed but are lucky enough to escape. There are many possible attack patterns, and we cannot tell in advance which one would be used. Neither, in fact, can the attacker himself, for many of the possible variations will result from chance factors in the effectivencss of the defense forces. The particular planes which happen to get shot down will have a considerable influcnce on the final pattern of bomb damage, as will random errors of bombing by the plancs which get through.

Thus, although all the plants in the large metropolitan areas, and some in other areas, are potentially subject to attack, there is still an appreciable chance that any particular plant will escape damage. Planning for this event is, therefore, the next step.

Figuring chance of loss

At the same time that we count on making some use of vulnerable plants, we must be reasonably sure that we do not plan on getting more production from them than would be realistic in view of the proportion likely to escape damage. We may do this by assigning a chance-of-loss index to each vulnerable plant, adding its full capacity into our planned production schedules for each item, and then discounting the totals for each item by the average chance-of-loss index for all the plants at which it is scheduled to be produced.

The index for a given plant in a vulnerable location would depend on (a) the chance that the metropolitan area in which it is located will be successfully attacked and (b) the probable extent of damage to the plant if the metropolitan area is successfully attacked.

The chance of attack for any metropolitan area is in turn the product of the chance that an attack will be attempted and the chance that an attack, if attemped, will be able to penetrate our air defense forces. (The same principles would apply to a nonmetropolitan target area, such as a SAC base.)

It seems likely that an aggressor would decide to attack those areas where the damage he could inflict would be highest in relation to the cost in terms of probale losses to our defense forces. Among the measures which he might use in estimating the value to him of destroying different metropolitan areas are population, employment, and manufacturing production, either in total, for broad groups such as hard goods, or in particular critical industries such as chemicals, petroleum, primary metals, aircraft instruments, and so on; or he might also elect to concentrate on utilities like electric power, transportation, and port facilities. In any event, most of the measures of importance which an attacker would be likely to pick are highly correlated in the large metropolitan areas. This is illustrated by exhibit V, which shows the 10 largest metropolitan areas of the United States in order of rank according to a number of different criteria.

One could assign weights to these and perhaps other criteria, representing subjective judgments as to the enemy's evaluation of their relative importance, and compute the overall target value of each city compared with other cities. The ratio of a city's target value to the corresponding estimated costs of making a successful attack on that city would yield a measure of the likelihood of attack. Such ratios could then be converted into rough probabilities in accordance with estimates of the size of the total force which the enemy could devote to an attack.

In physical terms, the extent of damage to a plant in a metropolitan area which is successfully attacked depends primarily on its physical vulnerability and on its location, in reference to the probable aiming point, bombing error, and bomb yield. Once this is estimated (assuming we have some of the more precise information that is needed), the loss in production can probably best be measured as the quantity of products that would have been turned out during the time required to construct an equivalent new plant. This factor can then be combined with the chance-of-attack figure to make a composite chance-of-loss index for that plant.

My proposal is that such an index of the chance of loss of wartime production be prepared for each important plant which is a potential producer of critical items, either military or civilian, or an important component thereof. This index should be the point of departure for all subsequent mibilization planning actions affecting individual plants as such.

These chance-of-loss indexes will provide a measure of the extent to which we need to hedge schedules with plans for additional sources in different metropolitan areas. Each tentative mobilization production schedule for a vulnerable plant should be discounted by the plant's chance-of-loss index; and enough additional schedules negotiated with other plants in different metropolitan areas (other plants in the same area might be destroyed by the same bomb), so that the total of all tentative mobilization production schedules, after discounting by the chance-of-loss indexes of the respective plants, will equal the total desired production schedule. To illustrate:

Suppose that only 20 prccent of the desired wartime production of a particular item can be produced in facilities in adequately dispersed locations. Suppose that the remaining 80 percent can be produced in 2 plants, 50 percent in 1 plant which has a 50 percent chance of loss, and 30 percent in another plant which has a 60 percent chance of loss. Then the expected value of the wartime production in these 3 plants is 57 percent of the desired wartime production. [20%+(50%×50%)+(30%×40%)=57%.]

We should then make provision for additional sources for the remaining 43 percent of the desired wartime production. We might get this 43 percent by adding a source for 50 percent of the requirement in a plant which has a 50 percent chance of loss, plus another source for 60 percent of the requirement in a plant which has a 70 percent chance of loss. [(50%×50%)+(60%×30%)=43%.]

Of course, considering the rather rough estimates on which the chance-of-loss indexes would have to be based, approximate rather than precise balancing of requirements and discounted production schedules is all that is needed.

The schedules just described should all be considered primary production schedules, since the expected value of the wartime production from these schedules just equals requirements. This will give us a 50–50 chance that we would be able to meet our requirements if the attack pattern is in accordance with our expectations. But we may not be satisfied with a 50–50 chance. Also the actual attack pattern might vary considerably from our expectations. If this happened, we might very well end up with proportionately too much capacity for some items, and no capacity at all for others.

To maintain maximum flexibility we should also develop for each facility additional alternate production schedules for different items. These schedules would substitute for any primary schedules for products not needed because damage was less than expected in other plants.

It is clear that the kind of mobilization planning here proposed will put a greater burden on both industry and Government than has previously been required. This burden will fall most heavily on industrial management, since the program is and probably must continue a voluntary one. This is as it should be, for there can be no substitute for local centers of knowledge and know-how if industry is to get off to a fast start following an attack.

PLACING CONTRACTS

For a considerable period after the start of any war the principal sources for most major military items would inevitably be the plants which were producing the items on D-day.

Clearly it is of prime importance to get production sources of military equipment into nonvulncrable areas to the maximum extent feasible. This should always be kept in mind in placing procurement contracts. If placing current procurement contracts in dispersed locations results in substantial increases in cost, the combat capability which this added cost would buy in terms of probable postattack production in the critical period of a war must be weighed against the combat capability it would buy if devoted to increasing D-day stocks of equipment. (The strategic situation increases the premium on combat forces already in being and thus of reserve stocks of equipment and supplies on hand to support those forces.)

There undoubtedly will be some cases where unique capacity for particular items is concen trated in certain areas and current production could be expected in other areas only at prohibitive cost. But such exceptional conditions should not be used as a rationalization for general inaction. Much can certainly be done at little or no added cost to produce military items for current needs in less vulnerable locations.

Harnessing small plants

Although many plants in nonvulnerable locations do not have adequate equipment to produce any major military equipment item, they do have facilities to produce significant subassemblies or components of many kinds of equipment. There may also be many cases in which a group of small plants, in the same or nearby communities, could collectively produce all or nearly all of some major item of equipment.

In most cases it probably would be necessary to add some specialized production equipment to that already available in these small plants. And it would almost certainly be necessary for the large plants to provide additional management skills in the fields of engineering, production scheduling control, and perhaps others. One of the principal aims of mobilization planning must be to develop means of utilizing the potential of these small plants with minimum delay.

I propose that each company awarded a current contract for a major item of military equipment produced in a vulnerable location be made responsible, as a condition of the contract, for preparing a plan for rapidly resuming production of the item at an alternate location or locations in case the primary producing facility is destroyed by enemy attack. While there should be no limitations on the ingenuity of the responsible companies in devising methods for rapid resumption of production after attack, use of the facilities of such small plants in nearby communities seems likely to be a promising method.

If any needed additional specialized production equipment cannot be provided by the prime contractor, it might be purchased by the Government and held in the machine tool reserve earmarked for the particular purpose. The prime contractor would of course be responsible for providing safe storage of duplicate blueprints, and perhaps

duplicate jigs, dies, and fixtures, if necessary, as well as for providing needed general engineering and management supervision and production control.

Transferring military production

There are several other possible methods of securing a greater probability of continued production of military equipment after an attack. One is to reverse the tendency to produce vital military items in vulnerable locations and civilian items in dispersed locations. For example:

A large corporation producing military radar equipment in a large metropolitan area has recently built new plants to produce television sets in well-dispersed locations. It would be highly desirable to transfer production of the radar equipment to the dispersed plants, and produce the television sets in the metropolitan plants.

There would undoubtedly be problems in making such a move; for instance, the labor supply at the dispersed plants is probably not as highly skilled or as diversified as in the metropolitan areas. On the other hand, the move would bring the television production nearer the market. Over a period of time, it should be possible to make many such shifts with minimum cost or economic dislocation.

There may be other cases, such as that of the aircraft industry perhaps, where nearly all the existing facilities which could produce the military item are now producing military equipment. But even in such cases it should be possible to attain a significantly greater degree of flexibility and insurance against complete loss of capacity to produce a vital item by negotiating mutual-assistance and cross-licensing agreements between existing companies with plants in different metropolitan areas, so that if either should be destroyed, the other could undertake production of the item normally produced by the destroyed plant.

The fact remains—and we may as well face it—that in many cases what are desirable moves from the mobilization standpoint would be wasteful in an economic sense, at least in the short run, if no attack comes. But if an attack does come, they might save the day.

EFFECTING DISPERSAL

Measures to maximize our ability to use effectively the industrial resources which remain after an attack, such as those which have just been described, might prove the margin between survival and subjugation, if we should be attacked within the next few years; and they will be of continuing importance in the long run. But over a longer period of 5 to 10 years, it will be of primary importance to increase the proportion of our total resources which is so located as to be relatively invulnerable to attack. Within this period much can be accomplished if proper inducements are provided to channel normal economic growth into dispersed areas.

Guiding future growth

In this process we should seek to promote the development of dispersed industrial capacity appropriately balanced to meet probable postattack needs. On the other hand, we should seek to induce concentration in the existing metropolitan areas of the consumer goods industries which we could do without, if need be, in wartime. If we do this successfully, we will greatly reduce the risk of atomic war, as well as increase our capacity to survive it; for an attack is less likely if it is clear that an initial sneak attack would probably not be decisive.

President Eisenhower said in his 1955 economic report to the Congress that he expects the gross national product of the United States to grow to over $500 billion in the next 10 years. This implies an average annual growth rate of about 3.5 percent (as contrasted with historical growth rates of 2.6 percent for the quarter century since 1929, including the depression, and 5.1 percent for the 15-year period 1938–53). The average rate of gross private investment for the 9 years since the end of World War II has been 15 percent of the gross national product. This has been accompanied by an average annual growth rate for the same period of 2.8 percent. It seems reasonable to assume that the projected annual growth rate of 3.5 percent will require an annual rate of investment of at least 15 percent of the gross national product. This would mean that total investment for the period would come to about $640 billion (at 1954 price levels).

A recent study by the Stanford Research Institute, made for the Federal Civil Defense Administration (FCDA), estimates that the total replacement value of housing, industrial, and commercial facilities in the 70 metropolitan areas which FCDA has classed as critical targets was about $500 billion in 1950. Thus if 78 percent of the normal private investment over the next 10 years were channeled into dispersed areas, we could have, in 10 years, as much dispersed industrial capacity as we had total capacity in 1950. (Actually, we probably could do much better, since we would need to replace, in dispersed areas, only a part of that which is now located in the 70 critical target areas; much of the latter is capacity in consumer goods industries and services which we could dispense with in an emergency.)

Present policy inadequate

It has been the policy of the Federal Government to encourage industrial dispersion since 1951, when President Truman announced the National Industrial Dispersion Policy. The principal means for accomplishing it was to offer accelerated tax amortization for pricately financed new industrial facilities if they were located in dispersed areas and if they were in industries for which a deficit in wartime production capacity was anticipated. "Expansion goals" for creation of additional industrial capacity are announced from time to time by the Office of Defense Mobilization (ODM), based largely on the full war mobilization requirements whose development was described earlier.

This policy has been only moderately successful. Although a tremendous expansion of industrial facilities was undertaken during the Korean war, because of the pressure for quick production, which was usually attained most readily by expansion of existing facilities, it was found necessary to waive dispersal criteria in a large proportion of the cases.

Since the end of the Korean war, there has been a more strenuous and fairly effective effort to enforce conformance with dispersal criteria as a condition of granting accelerated tax amortization. However, the dispersal criteria used—10 miles from a concentrated area—is geared to A-bombs, not H-bombs. (Under present conditions, probably no location should be considered dispersed which is within 30 miles of an FCDA critical target area or other prime target, such as a SAC base.) Further, the industries covered by the expansion goals are those in which deficits in capacity were anticipated in the event of a nonatomic global war rather than an atomic war.

A careful study should be undertaken, using the procedures previously described in this article, to determine what mix of industries would be needed to support military and essential civilian production for general atomic war within the capacity of facilities likely to remain after atomic attack. Then the difference between the mix that is needed and what we have got should be established as expansion goals. These expansion goals should be continuously revised upward, of course, as the total amount of industry in dispersed areas increases.

Recently the policy of granting preference to plants in dispersed locations has been reaffirmed in Defense Mobilization Order VII–7 and Department of Defense Directive 3005.6. In the recent hearings before the Senate Armed Services Committee, Dr. Arthur S. Flemming, Director of ODM, indicated that establishment of new dispersal criteria, appropriate to H–bomb attack, was under consideration.

New incentives proposed

Accelerated tax amortization can undoubtedly be an important incentive to fulfilling these expansion goals. It is doubtful, however, if it alone will ever be adequate to insure that the major part of the gross private investment is channeled into dispersed areas.

Further, as earlier pointed out, there is a need for some relocation of existing industries, part of which should take the form of shifts between existing facilities, with critical defense industries moving into existing buildings in dispersed areas, and consumer goods industries now in dispersed areas moving into vacant buildings in metropolitan areas. (It might be feasible, for instance, for some of the highly concentrated instrument industry to move from metropolitan areas into idle New England textile plants.) But on such moves accelerated tax amortization would not help at all.

A possible approach would be to provide continuing tax incentives for plants in dispersed areas which produced particular vital products, as defined by expansion goals. This would not only provide added inducement to the construction of new facilities, but would promote the conversion of existing facilities and the relocation of existing operations.

For this purpose, a graded series of degrees of dispersal would be needed, since the incentive should not be continued to the point at which new target areas would be created, yet should not be discontinued abruptly when an area reaches some critical size. Perhaps the degree of dispersal could be measured by the total population within a radius of 30 miles of the plant in question, and a percentage reduction of corporate income tax allowed, depending on the degree of dispersion. Here is a possible scale:

Reduction of corporate income tax

Population within 30-mile radius of plant:	*Percent*
Under 10,000	10
10,000–20,000	9
20,000–30,000	8
30,000–40,000	7
40,000–50,000	6
50,000–60,000	5
60,000–70,000	4
70,000–80,000	3
80,000–90,000	2
90,000–100,000	1
Over 100,000	0

(There were 151 standard metropolitan areas with a population over 100,000 in 1950, and probably a slightly larger number of areas with a population of over 100,000 within a 30-mile radius.)

There are many obvious objections to such a scheme, among which are the fact that it would require multiplant corporations to set up accounts which would permit attribution of income to individual plants. But some such scheme seems necessary to reduce the chance of national annihilation in the era of intercontinental ballistic missiles. The time is barely enough, at best.

CONCLUSION

National survival in the second atomic decade is likely to depend on greatly increased awareness by business leaders of the terrible threat which faces us, and on their willingness to act to reduce the threat. The principal means of action needed is in their hands—the construction of new industrial capacity for strategic products in dispersed areas. If the bulk of all private investment is channeled into dispersed areas, we can

probably deter a nuclear holocaust, or survive it if it comes.

Much added insurance can be provided by new techniques of industrial mobilization planning which explicitly recognize the probable losses of capacity that would result from enemy atomic attack. Government must determine the needed action, and must provide appropriate inducements to facilitate action by industry. Industry must support the necessary Government action, and must be prepared to collaborate in mobilization planning and in providing necessary data to permit effective planning.

The action which is needed, on the part of Government or industry, will cost time, effort, and money. This is part of the premium on our survival insurance for the second atomic decade.

EXHIBIT I.—*Approximate maximum distance in miles from H-bomb for specified types of damage from blast*

Type of damage	Size of bomb	
	20 megatons	50 megatons
	Miles	*Miles*
Virtually complete destruction of all buildings	5	7
Severe damage, all buildings collapsed or liable to collapse	11	15
Severe damage to homes	15	21
Moderate damage, all buildings unusable until repaired	16	22
Severe secondary fire damage probable from short circuits, overturned stoves, etc	19	26
Light damage, mostly plaster and window breakage	80	109

Source: Estimated from data on Hiroshima-Nagasaki experience and extrapolation formulas contained in The Effects of Atomic Weapons, prepared by the Atomic Energy Commission and the Department of National Defense (Washington, Combat Forces Press, August 1950).

EXHIBIT IV.—*Percentage of production in metropolitan areas by major industry groups*

Industry group	10 metropolitan areas		50 metropolitan areas
	Largest 10 for all industries	Largest 10 for each industry	
	Percent	*Percent*	*Percent*
Food and kindred products	34	35	55
Tobacco manufactures	13	22	24
Textile mill products	18	27	33
Apparel	66	69	79
Lumber and wood products	7	12	17
Furniture and fixtures	33	37	54
Paper and allied products	26	28	42
Printing and publishing	57	58	75
Chemicals and allied products	41	45	63
Petroleum and coal products	47	50	61
Rubber products	29	54	66
Leather and leather products	38	43	48
Stone, clay, and glass products	26	28	45
Primary metal industries	44	51	73
Fabricated metal products	46	46	73
Machinery (except electrical)	35	39	67
Electrical machinery	52	55	79
Transportation equipment	51	56	75
Instruments and related products	48	69	82
Miscellaneous manufactures	47	56	76
Total manufacturing	40	----	62

Source: Census of Manufactures: 1947 value added by manufacture.

EXHIBIT V.—*Rank of 10 largest United States metropolitan areas according to selected criteria*

Selected criteria	New York	Chicago	Los Angeles	Philadelphia	Detroit	Boston	San Francisco	Pittsburgh	St. Louis	Cleveland
Population	1	2	3	4	5	6	7	8	9	10
Total employment	1	2	3	4	5	6	7	8	9	11
Manufacturing employment	1	2	5	4	3	7	10	6	9	8
Production value:										
Total for all industries	1	2	5	4	3	8	10	6	9	7
Hard goods	3	1	7	6	2	12	14	4	9	5
Chemicals and allied products	1	2	8	3	6	11	9	18	5	7
Petroleum and coal	1	2	4	3	9	13	8	7	6	11
Primary metals	5	2	15	9	4	30	17	1	11	6
Fabricated metal products	2	1	6	4	3	8	10	7	9	5
Machinery (except electrical)	2	1	8	6	3	11	23	10	16	4
Electrical machinery	2	1	12	3	18	5	24	4	9	6
Transportation equipment	3	5	2	7	1	16	12	13	8	6
Instruments	1	3	7	4	21	6	24	8	19	12

Source: Population figures from United States Census of Population: 1950; employment figures, County and City Data Book: 1950; production figures, Census of Manufactures: 1947 ("Value Added by Manufacture").

STATEMENT ON AMENDMENT TO H. R. 9852 TO PROMOTE DISPERSAL BY THE EXECUTIVE COMMITTEE OF THE FEDERATION OF AMERICAN SCIENTISTS

The Federation of American Scientists (FAS) is wholeheartedly in favor of a proposal now under Senate consideration, that "it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States." The proposal was made by Senator WALLACE F. BENNETT, Republican, of Utah, in the form of an amendment to the bill (H. R. 9852) to extend the Defense Production Act of 1950. This amendment was approved by the Senate Banking and Currency Committee, under the chairmanship of Senator J. WILLIAM FULBRIGHT, Democrat, of Arkansas, on June 14.

A year ago the FAS warned in a published letter to President Eisenhower that the Nation's defense program was out of balance because dispersal of target cities is not proceeding fast enough. In its letter of May 13, 1955, the FAS pointed out that the United States is spending many billions each year on military weapons but hardly a cent on dispersal, which is one defense measure that has a chance of lasting effectiveness. Conventional military arms, on the other hand, become out-of-date in a short time and must be replaced by new ones at great expense.

"Dispersal is a means of saving lives and protecting our capacity for defense if war should come," the letter argued. "It also makes enemy attack less effective and therefore less likely, giving us time to work out peaceful solutions to our international problems."

Economic forces in the United States are already causing some dispersal, but not enough in proportion to the need. The longer we delay in launching an adequate program, the more drastic it will have to be to meet the danger of intercontinental missiles. In fact, dispersal may well be the only defense against such missiles.

While the executive department already has a praiseworthy policy in favor of dispersal, the Federation believes that this vitally important matter has not received the public support it deserves and which action by the Congress should help to achieve.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., January 18, 1956.

Hon. HARVEY V. HIGLEY,
Administrator of Veterans' Affairs,
Washington, D. C.

DEAR MR. HIGLEY: By letter dated April 21, 1954, I transmitted to you the President's expressed desire that new Federal buildings not be constructed in critical target areas unless there was need for an exception. That letter was accompanied with a statement of guidance making the industrial dispersion standards applicable in the acquisition of facilities for the executive branch, and providing the basis for exceptions when needed.

On January 9, 1956, I issued Defense Mobilization Order I–19 setting forth a revised dispersion policy and criteria for applying it. This revision was necessitated by technological advances in weapons developments and practical considerations encountered in the administration of the previous policy and standards established in 1951. The policy and criteria contained in DMO–I–19 are applicable to all new facilities important to national security without distinction between Government and private facilities. Accordingly, the policy and criteria contained in DMO–I–19 supersedes the dispersion standards contained in my letter of April 21, 1954.

In applying this policy to the locations of new Federal facilities, attention is invited to paragraph 3 (b) of DMO–I–19, which provides that departments and agencies will receive guidance on appropriate locations from the Department of Commerce. Such guidance will be consistent with plans of the Federal Civil Defense Administration for reduction of urban vulnerability. Attention is also invited to paragraph 2 (a) (8) of DMO–I–19 which provides that one of the factors to be considered in the selection of a location is—

"(8) The economic, operational, and administrative requirements in carrying out the functions for which the facility is to be provided."

This factor is, in effect, the basis for exceptions when needed. Experience has indicated that there is need for some further guidance in determining when an exception is justified.

The head of the agency concerned is responsible for determining whether the nature of the activity for which a new Federal facility is to be used will permit the use of a dispersed location. No one is in a better position to make such determination than the head of the agency responsible for both the day-to-day operations and the continuity of the agency's essential functions in the event of attack. In making the determination, it should be kept in mind that the intent of the policy is to make us, as a nation, less vulnerable to weapons of mass destruction. Exceptions are to be avoided insofar as practicable.

On the other hand, it is not the intent of this policy that new facilities be located on the basis of security considerations only; it is not intended that we make ourselves so secure as to be ineffective in our day-to-day operations. The head of the agency concerned must balance the requirements for efficient peacetime operations against the need for postattack operational capability. This calls for a conscientious appraisal of all factors involved.

I am sure that in making a determination as to whether an exception is justified you will satisfy yourself that the practical considerations on which you base your decision are both factual and compelling. If you find it necessary to locate closer to the heart of a target than is desirable for security purposes, locations which offer the most protection by reason of ground environment should be explored, suitable protective construction features should be included, and a statement of the factual basis for the exception filed with the Office of Defense Mobilization, in order that the President may be kept informed of progress in the application of this policy.

Sincerely yours,

ARTHUR S. FLEMMING,
Director.

Statistics on certificates of necessity for the year 1953

	Number	Estimated value (in thousands)	Number	Percent of dollars
1. Cases eligible for certification	3,770	$5,022,996		
2. Cases to which dispersion criteria did not apply:				
(a) Less than $1,000,000	3,111	648,466	82.5 percent of item 1	12.9 percent.
(b) Location not fixed, or less than $5,000,000 and less than $50 expansion.	384	2,212,674	10.2 percent of item 1	44.0 percent.
3. Cases to which dispersion criteria were applicable.	275	2,161,856	7.3 percent of item 1	43.1 percent.
4. Cases in which proposed sites not dispersal.	210	1,643,599	76.4 percent of item 3	76.0 percent of item 3.
5. Cases influenced to change location	5	70,886	1.8 percent of item 3	3.3 percent of item 3.
6. Cases denied for refusal to meet standards and inability to justify a waiver.	6	33,414	2.2 percent of item 3	1.6 percent of item 3.
7. Exception granted in cases applicable to dispersal criteria.	54	413,957	19.6 percent of item 3	19.1 percent.
8. Of exception, grantees indicating they may undertake protective construction:				
1. Applicants for protective construction, 5.				
2. Certificates for protective construction granted, 3 for $602,393.				
3. Applications for protective construction denied, 2.				

Mr. FULBRIGHT. Mr. President, we are prepared to yield back all the remaining time in opposition to the motion.

Mr. BUSH. I shall be glad to yield back all the remaining time of the proponents of the motion, with the understanding that the Senator from Utah yield back all the time remaining to his side.

Mr. WATKINS. Mr. President, I ask the Senator from Arkansas to yield a minute or two to me.

Mr. BUSH. Mr. President, I withhold my suggestion.

Mr. FULBRIGHT. Mr. President, I yield a minute or two to the senior Senator from Utah.

Mr. WATKINS. Mr. President, it looks like the difference between the haves and the have nots. The amendment does not contemplate removing anything which the haves now have. They did not have much to begin with.

Mr. President, I join with my colleague in his prepared statement. Although I have not seen it, I know his views are sound and that he has plenty of good reasons why this amendment should be made a part of the bill.

Mr. KNOWLAND. Mr. President, will the Senator from Utah yield?

Mr. WATKINS. Mr. President, I expected to hear from California. I cannot quite understand the combination of California and New England in trying to stop some of the defense industries from being located in some of the other States. It seems to me the situation should be such that the Communists could not find our defense industries concentrated in more or less restricted areas. They should be spread over the United States for the good of the United States.

The Government has now spent many billions of dollars for the construction of defense plants. Those plants should not be scattered around as a matter of politics, but they should be located where they will be the least vulnerable and will help the United States in its vital defense program.

I urge all Senators to vote against the motion to table.

I came in late; I think that is the correct procedure.

Mr. BENNETT. That is correct.

Mr. WATKINS. I think this is the only time within my memory when a motion to lay on the table could be debated.

Mr. BENNETT. Mr. President, I realize that this discussion could go on and on, and that my offer to bring the question to a head could be lost. Senators have already spoken at some length. I shall restrain my desire to comment on what they have said in their turn.

I renew my suggestion that all time be yielded back and that the Senate proceed to vote.

The PRESIDING OFFICER. Are the Senators in control of the time ready to yield back the remainder of their time?

Mr. BUSH. If my friend, the Senator from Arkansas, will be indulgent with me, I shall be glad to do so.

Mr. FULBRIGHT. Yes. We will yield back the remainder of the time on this side if the Senator from Connecticut will yield back the remainder of his time.

The PRESIDING OFFICER. Both sides having yielded back the remainder of their time, the question is on agreeing to the motion of the Senator from Connecticut [Mr. BUSH] to lay on the table the amendment on page 3, line 10.

Mr. FULBRIGHT. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HOLLAND. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	Hickenlooper	Mundt
Allott	Hill	Murray
Anderson	Holland	Neuberger
Barrett	Hruska	O'Mahoney
Bender	Jackson	Pastore
Bennett	Jenner	Payne
Bush	Johnson, Tex.	Potter
Butler	Johnston, S. C.	Purtell
Carlson	Kennedy	Saltonstall
Case, S. Dak.	Kerr	Schoeppel
Chavez	Knowland	Scott
Cotton	Kuchel	Smathers
Curtis	Laird	Smith, Maine
Dirksen	Langer	Smith, N. J.
Dworshak	Lehman	Sparkman
Ellender	Long	Stennis
Ervin	Magnuson	Symington
Flanders	Malone	Thye
Frear	Mansfield	Watkins
Fullbright	Martin, Pa.	Wiley
George	McCarthy	Williams
Goldwater	McClellan	Wofford
Gore	Millikin	
Hayden	Morse	

Mr. JOHNSON of Texas. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Texas [Mr. DANIEL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Michigan [Mr. McNAMARA], the Senator from Oklahoma, [Mr. MONRONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from West Virginia [Mr. NEELY] is necessarily absent.

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from New Jersey [Mr. CASE], the Senator from Idaho [Mr. WELKER], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Iowa [Mr. MARTIN] are absent on official business.

The Senator from New York [Mr. IVES] is absent because of illness.

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is present.

The question is on agreeing to the motion of the Senator from Connecticut to lay on the table section 4, the committee amendment. A vote in the affirmative is in support of the motion of the Senator from Connecticut. A vote in the negative is a vote to retain section 4.

Mr. FULBRIGHT. The committee amendment.

The PRESIDING OFFICER. The committee amendment.

All time having been yielded back, the yeas and nays having been ordered, the clerk will call the roll.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. If I understood the statement of the Chair, if a Senator favors dispersal, his vote should be "nay." If he is against dispersal——

Mr. KNOWLAND. Mr. President, a point of order. That is not a parliamentary inquiry; that is joining debate again.

The PRESIDING OFFICER. If a Senator votes in the affirmative, he votes for the motion of the Senator from Connecticut to lay on the table section 4. If a Senator votes in the negative, he, in effect, votes against the motion of the Senator from Connecticut, leaving section 4, the committee amendment, for consideration.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Texas [Mr. DANIEL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER] the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Virginia [Mr. ROBERTSON], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from West Virginia [Mr. NEELY] is necessarily absent.

On this vote, the Senator from Nevada [Mr. BIBLE] is paired with the Senator from Rhode Island [Mr. GREEN]. If present and voting, the Senator from Nevada would vote "nay," and the Senator from Rhode Island would vote "yea."

I further announce that, if present and voting, the Senator from Kentucky [Mr. CLEMENTS], the Senator from Texas [Mr. DANIEL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from New Jersey [Mr. CASE], the Senator from Idaho [Mr. WELKER], and the Senator from North Dakota [Mr. YOUNG], are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Iowa [Mr. MARTIN], are absent on official business.

The Senator from New York [Mr. IVES] is absent because of illness.

If present and voting, the Senator from Pennsylvania [Mr. DUFF] would vote "yea."

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Idaho [Mr. WELKER]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from Idaho would vote "nay."

Also, on this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Iowa [Mr. MARTIN]. If present and voting, the Senator from New Jersey would vote "yea," and the Senator from Iowa would vote "nay."

The result was announced—yeas 20, nays 50, as follows:

YEAS—20

Bender	Knowland	Pastore
Bush	Kuchel	Potter
Butler	Lehman	Purtell
Flanders	Magnuson	Saltonstall
Jackson	Martin, Pa.	Smith, N. J.
Jenner	Morse	Williams
Kennedy	Neuberger	

NAYS—50

Aiken	Goldwater	Millikin
Allott	Gore	Mundt
Anderson	Hayden	Murray
Barrett	Hickenlooper	O'Mahoney
Bennett	Hill	Payne
Carlson	Holland	Schoeppel
Case, S. Dak.	Hruska	Scott
Chavez	Johnson, Tex.	Smathers
Cotton	Johnston, S. C.	Smith, Maine
Curtis	Kerr	Sparkman
Dirksen	Laird	Stennis
Dworshak	Langer	Symington
Ellender	Long	Thye
Ervin	Malone	Watkins
Frear	Mansfield	Wiley
Fulbright	McCarthy	Wofford
George	McClellan	

NOT VOTING—25

Beall	Douglas	McNamara
Bible	Duff	Monroney
Bricker	Eastland	Neely
Bridges	Green	Robertson
Byrd	Hennings	Russell
Capehart	Humphrey	Welker
Case, N. J.	Ives	Young
Clements	Kefauver	
Daniel	Martin, Iowa	

So the motion to lay on the table was rejected.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The question is on agreeing to the committee amendment.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. I have an amendment which I should like to offer to the committee amendment. My amendment is in the nature of a substitute for the committee amendment. Is my amendment in order now?

The PRESIDING OFFICER. It is in order.

Mr. KUCHEL. Then, Mr. President, I send my amendment to the desk, and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from California to the committee amendment will be stated.

The LEGISLATIVE CLERK. In the committee amendment on page 3, beginning in line 13, it is proposed to strike out all through line 6, on page 4, and to insert in lieu thereof the following:

The Congress hereby declares that the policy, criteria, and responsibilities set forth in Defense Mobilization Order I–19, dated January 11, 1956, furnish an adequate and desirable program with respect to dispersion and protective construction of new facilities and major expansions of existing facilities important to national security.

Mr. KUCHEL. Mr. President, the subject before the Senate is one of prime importance. Because of the last yea-and-nay vote, I most respectfully urge Members of the Senate to adopt the amendment I have offered as the best means of expressing its approval of a sound policy of dispersion with respect to defense contracts. My amendment would incorporate by reference the present dispersal policy, carefully written and adhered to by the Government of the United States, as initiated by the Office of Defense Mobilization last January.

A series of dispersal orders has been issued by the Federal Government. We need a sound policy of dispersal in the United States. What constitutes a sound policy of dispersal? Obviously, geographical effect is important, but there are other factors. One important factor would be, What is the situation with respect to each area of the country with regard to available employment? Another would be, If a defense industry is now located in a particular State, should it be taken away and located in another part of the country, to the economic detriment of the original State?

The Office of Defense Mobilization says that the effect on the economy of an area engaged in defense industry is important. Of course, it is important. The question of a sound policy of dispersal must include the effect which it has upon the economy of the country at large, and upon the economy of the various segments of our country which now, happily or unhappily, are engaged in defense production. I sincerely suggest to Senators that the language which is written into the pending bill, and which attempts to lay down a policy of dispersal, is not well considered so far as the verbiage that is used is concerned.

Yesterday I introduced into the RECORD the text of the present order of the Office of Defense Mobilization on dispersal. It appears at page 9705 of the RECORD.

I also introduced into the RECORD the verbiage of section 4 of the pending bill, which attempts to write a policy of dispersal. I commend to Members of the Senate a reading of those two documents. Senators will find on page 9705 a very carefully written policy which now guides the Government of the United States with respect to dispersal. Let me read from it:

1. Policy: It is the policy of the United States to encourage and, when appropriate, to require that new facilities and major ex-

pansions of existing facilities important to national security be located, insofar as practicable, so as to reduce the risk of damage in the event of attack; and to encourage and, when appropriate, require the incorporation of protective construction features in new and existing facilities to provide resistance to weapons effects suitable to the locations of said facilities.

2. Criteria:

(a) The distance of a facility from the probable area of destruction is the controlling factor in reducing the risk of attack damage to such facility. In determining the appropriate distance consideration will be given to all relevant factors, including:

(1) The most likely objects or targets of enemy attack, such as certain military, industrial, population, and governmental concentrations.

(2) The size of such targets.

(3) The destructive power of a large yield weapon or weapons suitable to the particular target.

(4) The gradation of pressures and thermal radiation at various distances from an assumed point of detonation.

(5) The characteristics of the proposed facility, including underground and built-in protective construction features, with respect to its resistance to nuclear, chemical, and unconventional weapons.

(6) The degree of damage which a facility could sustain and still remain operable.

(7) The ground environment or natural barriers which might provide added protection to the facility.

(8) The economic, operational, and administrative requirements in carrying out the function for which the facility is to be provided.

(b) While no single distance standard and no single set of protective construction specifications against nuclear, chemical, and unconventional weapons are feasible for all situations, the above factors will be applied so as to achieve the most protection practicable for a specific situation.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KUCHEL. I yield myself 5 more minutes.

Those are the careful, discriminating standards and criteria which have been established in the Executive order. I submit that if the Senate is ready to approve a policy of dispersal in the interest of all the people of the United States, we should accept those standards, rather than the alternative which is before us in the pending bill.

The Department of Defense, speaking through the Department of the Air Force, opposes the language of the bill as it now stands. I ask the Senators to read it. It consists of a series of criteria for the guidance of the executive branch of the Government. It says, in general terms:

In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States.

I call this language particularly to the attention of Senators:

In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act, each department and agency of the executive branch shall apply—

That is mandatory—

under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities.

The Department of the Air Force, speaking for the Department of Defense, says it cannot work under this amendment. It says there will be such a multiplicity of questions as to what is to apply, and how it is to apply, that the administration of the act will be bogged down in endless redtape.

If the time has come for Congress to say, "We embrace a sound policy of dispersal," then the adoption of the amendment which I have offered is the way in which to do it.

My amendment refers to the carefully worded order issued by the Office of Defense Mobilization on the subject of dispersal, and, by referring to it, approves it.

I very strongly urge that in a matter of this extreme importance, language which has been tested by all the agencies should be adopted, instead of throwing it all overboard and substituting language which is susceptible of the widest kind of interpretation, such as the language in the bill as it is now written.

I ask Senators to vote in favor of the amendment I have offered.

Mr. FULBRIGHT. Mr. President, I yield myself 5 minutes. I have 2 or 3 comments to make. The Senator from California is seeking to write into law regulations which now exist in the Office of Defense Mobilization. There is nothing wrong with the regulations, except that they are regulations of an administering body and are, very properly, subject to change as conditions change.

The Senator from California fails to make a distinction between administrative regulations and policy. Congress is charged with creating policy as guidance for administrative agencies.

Therefore, Mr. President, I believe it would be a great mistake for us to write in the greatest detail the criteria of an order. Not only in this instance, but in other instances, under our system of Government, we make a distinction. We create the broad policy—and it is properly broad in this particular matter.

The Bennett amendment is intentionally broad. It is broad in order to allow some leeway for the development of policy in accordance with conditions as they arise.

I have one other thought on the subject. The statement has been made that the Bennett amendment contains no restrictions whatever. In two different places the amendment specifically says "in the interest of national defense."

It is not a wide open application of policies of dispersal, unless it relates to national defense. At the moment I cannot think of any plants which would not be concerned with national defense. But perhaps there are some. If there are, this amendment would not apply where such plants have no relation to national defense.

I submit, in the first instance, that the language is not wide open without any proper limitations. I also say again that the amendment offered by the Senator from California was not submitted to the committee. It has not been considered by the committee or by the Defense Establishment or by anyone else. It would be very unwise and very bad practice to accept the amendment witheut the study that should be made of it.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. KUCHEL. The objective which I seek is the incorporation in the bill of the present Executive order under which the agencies of the Department of Defense conduct their business.

Mr. FULBRIGHT. The Senator is quite right. I believe the order was drawn in January. There is nothing wrong with the order, so far as I know. However, it is very bad practice to write into law an order that is drawn up for application at a particular moment. The criteria have been changed as the conditions in nuclear warfare and in other methods of warfare have changed. That was proper. If the Senator will compare the criteria to which he refers with those that existed 2 or 3 years ago, he will find a very substantial difference, and properly so. I have no objection to the regulations as regulations, but I do object to incorporating them into law. That would be an exceptionally bad practice for the Senate to adopt.

Mr. KUCHEL. However, it seems to me it would be tragic to use the language which the Senator has written into the bill, in which the word "shall" is used in connection with geographical dispersal. It is mandatory. Geographical dispersal is made the basic reason for awarding any type of defense contract.

Mr. FULBRIGHT. I remind the Senator that most of the laws which have been passed by Congress are mandatory. That is characteristic of law.

The committee amendment provides "when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense," and so forth.

I do not know what further restrictions can be applied. Of course, it is mandatory, and it is very properly mandatory. I submit the amendment is properly drawn and is a very proper amendment.

SEVERAL SENATORS. Vote! Vote!

Mr. KUCHEL. I yield 5 minutes to the Senator from Connecticut.

Mr. BUSH. Mr. President, I rise to support the amendment offered by the distinguished junior Senator from California. I urge Senators to support his amendment as being an amendment far preferable to the one which was under discussion earlier today, which had been offered in committee by the Senator from

Utah, and which is now contained in the bill as a committee amendment.

I had intended to offer a perfecting amendment, but have concluded to defer to the amendment offered by the Senator from California.

However, in the hope that my suggested amendment might be of help in conference in connection with this particular question, I now ask unanimous consent that my explanation of my suggested perfecting amendment and a copy of the amendment as it would read be incorporated in the RECORD at this point in my remarks.

There being no objection, the statement and amendment were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BUSH

EXPLANATION OF PERFECTING AMENDMENT

This amendment will recognize geographical dispersal of essential defense industry as one among several criteria to be applied in determining the location of new industrial facilities of that nature, in cases where construction of such facilities is to be aided by Federal guaranty or direct loan.

By listing the major factors to be considered, including dispersal, the amendment places the importance of dispersal in proper perspective, instead of overemphasizing its importance, as I fear the committee amendment would do. My amendment brings the situation more in line with existing policies of the executive branch by considering dispersal as one among many other important items in deciding upon location of new industrial facilities essential to national security. My amendment also follows the pattern of the National Security Act of 1947 by limiting its application to industrial facilities essential to national security. As rewritten by the Congress as recently as 1954 by the act of September 3, 1954, the pertinent portions of section 103 of the National Security Act of 1947 provide as follows:

"It shall be the function of the Director of the Office of Defense Mobilization to advise the President concerning the coordination of military, industrial, and civilian mobilization, including—

* * * * *

"(6) The strategic relocation of industries, services, Government, and economic activities, the continuous operation of which is essential to the Nation's security" (50 U. S. C., Supp. III, sec. 404).

This is existing law.

The committee amendment, on the other hand, would apply the test of geographical dispersal to (1) all procurement of goods and services by the Federal Government, (2) all Government financial assistance for construction, expansion, or improvement of any industrial facilities, and (3) construction of all Government-owned facilities. In my opinion this is far too broad in scope. My perfecting amendment would limit the application of the dispersal principle to reasonable bounds.

For convenience of reference, a copy of the committee amendment as modified by my perfecting amendment follows, showing additions by italic and deletions by brackets:

"In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to [promote] *have due consideration given, among other factors, to* the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, *in instances where the continuous operation of such facilities is essential to the Nation's security.* [and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States.] In the construction of any Government-owned industrial facilities, *the continuous operation of which is essential to the Nation's security, and* in the rendition of Government financial assistance *by way of direct loan or guaranty* for the construction, expansion, or improvement of any such industrial facilities [, and in the procurement of goods and services, under this or any other act], each department and agency of the executive branch [shall apply], under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, *shall give due consideration to the following factors, among others:*

"*(a) achievement of geographical dispersal;*

"*(b) convenient availability of production materials;*

"*(c) adequacy and productivity of labor;*

"*(d) proximity to supply of capable labor available for defense work as production for civilian use dwindles during a national emergency;*

"*(e) availability of adequate industrial fuel;*

"*(f) sufficiency of transportation facilities;*

"*(g) proximately to markets for end products;*

"*(h) adequacy of distribution facilities;*

"*(i) dependable availability of power and water;*

"*(j) acceptability of living conditions, including adequacy and reasonableness of cost to users of housing and community facilities;*

"*(k) availability of adequate sites;*

"*(l) favorability of construction cost of facilities and appurtenant housing and community facilities;*

"*(m) acceptability of climate;*

"*(n) accessibility to servicing, repair and replacement facilities for machinery, components and parts;*

"(o) *ability to meet deadlines for timely delivery of end products at specified places;*

"*(p) overall economy and efficiency of operation;*

"*(q) acceptability of tax structure; and*

"*(r) effect of pertinent State and local laws and regulations.*

[the principle of the geographical dispersal of such facilities in the interest of national defense.] *Every effort will be made to require the use of existing facilities in lieu of constructing new industrial facilities of the type described above in this section.* [Nothing contained in this paragraph shall preclude the use of existing industrial facilities.]"

SEVERAL SENATORS. Vote! Vote!

Mr. BUSH. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I shall be glad to yield back the time on this side.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from California [Mr. KUCHEL]. [Putting the question.] The "noes" appear to have it.

Mr. KUCHEL. Mr. President, I ask for a division.

On a division the amendment was rejected.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. KNOWLAND. Mr. President, is there any time allotted on the committee amendment?

The PRESIDING OFFICER. There is 30 minutes time to each side.

Mr. KNOWLAND. Mr. President, I wish to speak very briefly. The Senate has voted on the motion to table, and I hope that some Senators who were not here during the debate on the motion to table are present at this time.

In the first place, Mr. President, the committee amendment is very far reaching and is new to legislation in the way it is being presented. For the first time it draws a criterion in law for a geographical dispersal, and then it goes to such an extent as to provide:

In the construction of any Government-owned industrial facilities, in the rendition of any governmental financial assistance.

I believe those words are sufficiently broad to prohibit small business loans to an existing manufacturing plant in an area which might be deemed by some executive to be an area subject to atomic attack or any other enemy attack. It might prohibit such a plant receiving a loan to produce parts which might be supplied to a larger manufacturer.

Reading further, Mr. President—

In the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other act.

And so forth. It not only relates to defense production, such as planes or tanks or guns, but I believe it is so broad that it would apply to general manufacture in the United States.

Mr. President, I say, most respectfully, that in the event the amendment is made a part of the bill, I hope the question will go to conference, and that the conferees will give it attention, because although I know it is not the intent of the authors of the proposal, I think we have here the makings of a corporate state whereby the central government will move in and to a degree control industry. Up to this time, under the system we have followed we have built this Nation from a small colony of 3 million population on the Atlantic seaboard to a great Nation of 165 million, extending from the Atlantic to the Pacific, and have made it the most productive Nation the world has ever known, with the largest force of workers ever employed in our Nation's history; but now, Mr. President, it is proposed that management be transferred to Government. We are legislating not for this administration or for the one which may follow it. We may be setting a precedent for a long time to come.

This bill, without this amendment, passed the House of Representative on May 31. This amendment, so far as the general public knew, was not the matter under consideration when the committee met. The meetings were called for consideration of the extension of the Defense Production Act. From one end of this country to the other, Mr. President, I believe the people have not had adequate notice. I believe that had they known an amendment of this far-reaching character would be under consideration, they would have asked to be heard in each of the 48 States of the Union.

I respectfully say, again, Mr. President, that I think we are driving an opening wedge to transfer private management, which, under our free-enterprise system, has built this Nation and built each of our 48 States, into the hands of the Federal Government, and we may find some

subordinate official laying down criteria and saying that the Congress of the United States has given him a blank check.

I hope the legislative history of this measure will be such that it will not be possible to put the stamp of approval upon that kind of thing, because, otherwise, what we do will rise to plague us in years to come, and it may very well be, as in the case of Italy under Mussolini, that vast powers will be exercised by the Federal Government. Then it will be said, "If you move the plants, you must be able to move the labor, because the plants without labor will not be effective."

There would be a chain reaction going far beyond anything which the authors of the bill or any Senator who voted on the motion to table ever recognized as even a possibility.

Mr. BUSH. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. BUSH. Mr. President, I wish to congratulate the Senator from California upon his remarkable speech. I think he has put his finger on an element which has not been brought out previously in the debate. I certainly wish to concur in the sentiments which he has expressed. I think the amendment represents a danger which we did not consider in the committee at all and which has not been heretofore considered on the floor in connection with this issue. I hope Senators will give consideration to the dangers referred to by the Senator from California which, as he so ably points out, are inherent in the pending measure.

Mr. BENNETT. Mr. President, I wish to make the observation that we are extending the Defense Production Act for 2 years, and there will be ample opportunity 2 years from now to review the situation, if experience proves that it is so frightening as the speech of the Senator from California would indicate.

Mr. FULBRIGHT. Mr. President, I wish to say 1 or 2 things by way of commenting on the speech of the Senator from California.

The present administration is trying to follow, in many respects, the same policy as that which is set forth in the bill. The Air Force is the only segment of the administration that has shown any disagreement with this amendment. It says it agrees with the policy, but it objects to the inclusion of this particular provision in the bill. But the Secretary of Commerce, Dr. Flemming of ODM, and Mr. Val Peterson of the Civil Defense Administration have recorded themselves in favor of the pending amendment.

It seems rather strange that no one in the present administration has been conscious of this great danger to our private enterprise system which has been indicated by the Senator from California. Or are we to believe that the Senator from California has lost all confidence in this administration and is not willing to trust it with the administration of this program?

Mr. KNOWLAND. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. KNOWLAND. I happen to believe in a government of laws, and not of men, regardless of the administration that may be in power. We in the Congress are a coordinate branch of the Government and a coequal branch of the Government. We have an obligation not even inadvertently to surrender any power to the Federal Government which may be used 5 or 10 or 20 years from now to destroy or to modify greatly what I think has been our great productive capacity growing out of our economic system.

Mr. FULBRIGHT. Mr. President, I think the Senator from California misunderstands the amendment completely. This amendment does not apply at all except in those instances where a company is seeking assistance from the Government.

In view of the enormous contributions of the Federal Government to the State of California, I think the Senator should not be too fearful of a program in which the Federal Government participates. Airplane plants, aluminum plants, and other plants in the State of California, built by the Federal Government, have been a great addition to the economy, not only of California, but of the whole Nation. I do not think there is anything inherently bad about that.

Mr. KNOWLAND. I am not speaking today as a Senator from California, but as a Senator of the United States.

I did not understand that the amendment was for the purpose of distributing industrial plants around the Nation; I thought the purpose was to promote the national defense.

Mr. FULBRIGHT. The Senator has had his say. I was about to say that it amazes me, inasmuch as the Senator from California has shown an interest in the defense of the country, and in building up the defense, that because this particular aspect might affect specific localities, he is unwilling to recognize the main objective; namely, that this provision relates to the national defense. The objective and the incentive for the proposed legislation and the Bennett amendment are quite clear.

This amendment follows the recommendations of the administration. The three persons whom I have mentioned—Mr. Peterson, the Administrator of Civil Defense; Secretary of Commerce Weeks; and Mr. Flemming, Director of the Office of Defense Mobilization, and also the Nelson committee, which was appointed by ODM for the specific purpose of examining into this policy—all recommend that for the defense of the country, in case of an atomic attack, the dispersal policy is fundamental and essential.

It is true that such a policy will have local effects. All our policies have local effects when they are applied. But the objective of the bill and of the amendment offered by the Senator from Utah is to increase the national defense. They are designed to be in the interest of the national defense.

To put it very simply, as I stated in my opening remarks, the purpose of the bill is to carry out the principle of not putting all our eggs in one basket. If all our airplane production, or a very large part of it, is to be in a small area outside Los Angeles, that area will be a very inviting target in case of war. If an enemy should succeed in dropping one bomb accurately on that area, the Nation's aircraft production would be paralyzed.

The bill does not provide for the moving of any established plants. It is really very modest in its objectives. It merely provides that in the building of new plants, if the builders seek to obtain assistance from the Government, the Government shall consider the principle of dispersion and shall seek in the interest of national defense, to disperse the plants, so that all of them, or a very substantial number of them, will not be located in a place which is subject to destruction by a single raid.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. FULBRIGHT. I yield myself 2 additional minutes.

The proposal is a very modest one. It writes into the law policies which the administration is already seeking to carry out, but which the Nelson committee and officials of the administration have said is moving too slowly, because not sufficient attention is being paid to it. The administration, therefore, has agreed that Congress should accept and adopt this policy by writing it into the law, in order to strengthen the administration's application of the program.

I think it is very strange, indeed, that the Senator from California should build up mythical bugaboos to the effect that the intention is to turn the Nation into a corporate state, because this is a very modest provision in the bill.

Mr. MUNDT. Mr. President, will the Senator yield me 5 minutes?

Mr. FULBRIGHT. I yield 5 minutes to the Senator from South Dakota.

Mr. MUNDT. Mr. President, since it appears that we are now all talking for the RECORD and are making the legislative history to be read by those who are charged with the responsibility of administering the act, I shall comment briefly in connection with this legislative history.

First, I congratulate the distinguished chairman of the Committee on Banking and Currency [Mr. FULBRIGHT] for having included this amendment in the bill. It is very clear that the amendment applies only to those operations and functions of the Government which are owned and operated or are supported or financed by the Federal Government. It will have no impact upon the private industry of this country.

I am glad the Senate voted on the amendment relating to the present dispersal criteria, and that the legislative history shows that the Senate emphatically rejected those criteria when they were presented in amendment form. I think the Senate rejected them in part because of the very valid and persuasive argument advanced by the Senator from Arkansas. I think they were rejected in part also because they are not sufficiently effective to do the job. Had the dispersal criteria which the junior Senator from California [Mr. KUCHEL] sought to have included in the law by amendment been sufficiently effective, the committee would never have had to submit this

committee amendment now before us for approval.

The committee submitted its amendment because there was something lacking in the law, and the administrative criteria, namely, a sufficient recognition of the importance of geography in those criteria. I feel certain the committee found it necessary to make this new amendment because of these inadequate criteria. It is now a mandate of the Senate, however, to place more emphasis on geography in dispersal of defense industries. It is now a legislative recital of the determination of Congress and the appropriation bodies of Congress that geography be recognized as one of the great methods by which defense industries which are defensible can be established. We do not want them concentrated in a few choice target areas.

I am glad the Senate has had its yea-and-nay votes on these matters. I am glad we have had this discussion. I do not think we need to fear, despite the arguments envisioned by my good friend from California [Mr. KNOWLAND], that the adoption of the amendment will certainly bring about a great governmental movement of people from coastal areas to the interior of the Nation. Nevertheless, we have a right to hope that it will stop the continuing drain of young people from the middle part of America to the coastal areas.

California, the East, and other areas of the Nation are heavily populated with the sons and daughters of rural America, who were forced to leave their home States to secure employment in defense industries—a fact which up to now the Department of Defense has pretty well ignored. I repeat, the word is "ignored." The Middle West has been pretty well ignored in the locating of defense fabricating plants. The defense plants are supported by all the taxpayers, not merely the taxpayers of the coastal States which now have a plethora of defense industries.

The committee and the Senate have acted wisely in solidifying in the law the determination of Congress, at long last, to have the dispersals made throughout the country, so that the plants can be defended without undue added expense under the national defense program, and so that there will be some element of equity from the standpoint of placing tax-supported industries in various tax-paying areas of the Nation.

I hope those who will evaluate and administer this law will, from a reading of the RECORD, note well the fact that the present criteria were rejected when they were brought before us in amendment form. They were inadequate to do the job. We have a right to expect better performance in the future under this new law.

Mr. JENNER. Mr. President, on the committee amendment I ask for the yeas and nays.

The PRESIDING OFFICER. Is all time on both sides yielded back?

Mr. FULBRIGHT. I will yield back the remainder of my time if the Senator from California will yield back his remaining time.

Mr. KNOWLAND. On the committee amendment?

Mr. FULBRIGHT. Yes.

Mr. KNOWLAND. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendment. [Putting the question.]

The Chair is in doubt.

Mr. FULBRIGHT. I suggest the absence of a quorum.

Mr. BUSH. Mr. President, will the Chair repeat his decision?

The PRESIDING OFFICER. The Chair did not announce the result.

Mr. MUNDT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Hickenlooper	Mundt
Allott	Hill	Murray
Anderson	Hruska	Neuberger
Barrett	Jackson	O'Mahoney
Bender	Jenner	Payne
Bennett	Johnson, Tex.	Potter
Bush	Johnston, S. C.	Purtell
Carlson	Kerr	Schoeppel
Case, S. Dak.	Knowland	Scott
Chavez	Kuchel	Smith, Maine
Cotton	Laird	Smith, N. J.
Dworshak	Langer	Sparkman
Ellender	Lehman	Stennis
Ervin	Long	Symington
Flanders	Malone	Thye
Frear	Mansfield	Watkins
Fulbright	Martin, Pa.	Wiley
George	McCarthy	Williams
Goldwater	McClellan	Wofford
Gore	Millikin	
Hayden	Morse	

The PRESIDING OFFICER. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the yeas and nays be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. WILLIAMS. I object.

The PRESIDING OFFICER (Mr. LAIRD in the chair). The question is on agreeing to the committee amendment beginning on page 3, in line 10, and ending on page 4 in line 6.

On this question, all time has been used.

The yeas and nays have been ordered; and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from Nevada [Mr. BIBLE], the Senator from Virginia [Mr. BYRD], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Texas [Mr. DANIEL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Florida [Mr. HOLLAND], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. MCNAMARA], the Senator from Oklahoma [Mr. MONRONEY], the Senator from Rhode Island [Mr. PASTORE], the Senator from Virginia [Mr. ROBERTSON], the Senator from Georgia [Mr. RUSSELL] and the Senator from Florida [Mr. SMATHERS] are absent on official business.

The Senator from West Virginia [Mr. NEELY] is necessarily absent.

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Florida [Mr. SMATHERS]. If present and voting, the Senator from Massachusetts would vote "nay" and the Senator from Florida would vote "yea."

The Senator from Florida [Mr. HOLLAND] is paired with the Senator from Rhode Island [Mr. PASTORE]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Rhode Island would vote "nay."

I further announce that if present and voting, the Senator from Nevada [Mr. BIBLE], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Texas [Mr. DANIEL], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. MONRONEY], the Senator from West Virginia [Mr. NEELY], and the Senator from Virginia [Mr. ROBERTSON] would each vote "yea."

Also on this vote the Senator from Washington [Mr. MAGNUSON] would vote "nay."

Mr. KNOWLAND. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from New Jersey [Mr. CASE], the Senator from Idaho [Mr. WELKER], and the Senator from North Dakota [Mr. YOUNG] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Iowa [Mr. MARTIN] are absent on official business.

The Senator from New York [Mr. IVES] is absent because of illness.

The Senator from Maryland [Mr. BUTLER], the Senator from Nebraska [Mr. CURTIS], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Massachusetts [Mr. SALTONSTALL], are detained on official business.

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Idaho [Mr. WELKER]. If present and voting, the Senator from New Hampshire would vote "nay" and the Senator from Idaho would vote "yea."

Also, on this vote, the Senator from New Jersey [Mr. CASE] is paired with the Senator from Iowa [Mr. MARTIN]. If present and voting, the Senator from New Jersey would vote "nay" and the Senator from Iowa would vote "yea."

I further announce that the Senator from Pennsylvania [Mr. DUFF] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Pennsylvania would vote "nay" and the Senator from Nebraska would vote "yea."

The result was announced—yeas 48, nays 13, as follows:

YEAS—48

Aiken	Gore	Morse
Allott	Hayden	Mundt
Anderson	Hickenlooper	Murray
Barrett	Hill	Neuberger
Bennett	Hruska	O'Mahoney
Carlson	Johnson, Tex.	Payne
Case, S. Dak.	Johnston, S. C.	Schoeppel
Chavez	Kerr	Scott
Cotton	Laird	Smith, Maine
Dworshak	Langer	Sparkman
Ellender	Long	Stennis
Ervin	Malone	Symington
Frear	Mansfield	Thye
Fulbright	McCarthy	Watkins
George	McClellan	Wiley
Goldwater	Millikin	Wofford

NAYS—13

Bender	Knowland	Purtell
Bush	Kuchel	Smith, N. J.
Flanders	Lehman	Williams
Jackson	Martin, Pa.	
Jenner	Potter	

NOT VOTING—34

Beall	Douglas	McNamara
Bible	Duff	Monroney
Bricker	Eastland	Neely
Bridges	Green	Pastore
Butler	Hennings	Robertson
Byrd	Holland	Russell
Capehart	Humphrey	Saltonstall
Case, N. J.	Ives	Smathers
Clements	Kefauver	Welker
Curtis	Kennedy	Young
Daniel	Magnuson	
Dirksen	Martin, Iowa	

So the committee amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. JOHNSON of Texas. Mr. President, I am willing to yield back the remainder of my time, with the understanding that the other side will do likewise.

Mr. MORSE. Mr. President, I should like to have 10 minutes on the bill.

Mr. JOHNSON of Texas. I yield 10 minutes to the Senator from Oregon.

Mr. MORSE. Mr. President, I wish to thank the Senate for accepting the committee amendment to section 701 (c). This was an amendment which I proposed in committee.

In my judgment, this amendment is the minimum action the Congress should take to provide some assistance to the small concerns in the country which are suffering from the heavy demands imposed by meeting our defense requirements.

I thank the Senator from Utah [Mr. BENNETT] for the cooperation and assistance he gave me in connection with this amendment. After committee discussion of the principle of the amendment, which was approved by the committee, the Senator from Utah and I worked out, with the assistance of legal counsel of the staff, the wording of the amendment.

I have received many requests for assistance from small firms which are unable to get materials in order to stay in business. Small contractors cannot bid on jobs because they cannot get certain types of steel—it is all going to the producers' subsidiaries. Small barge builders cannot get the kind of steel they need to provide cheap barge transportation—it is all going to the big companies, which find it easy to get both rapid tax amortization and the needed steel.

In the field of nickel, the same story is told again and again. Only 3 weeks ago the Small Business Committee held hearings on the subject of nickel. We heard platers and plating suppliers tell of their hardships. Their supplies have been reduced to a quarter of their supply in 1949 or 1950, and even at that they never can count on more than a month's supply. They do not know how their allocation is computed, or how it compares with their competitor's. All they know is that each month they are told how much they can have for the next month. They can go out and buy more nickel—at two or three times the so-called market price, but their business does not allow for this kind of a margin. The big companies can afford it, and they are putting in their own plating equipment and integrating still further.

And what does the Government, which has caused this situation, do about it? The only hope the Government can offer is to wait 3 or 4 years until the latest expansion program announced May 17, 1956, gets going. In the meantime the ODM is diverting nickel from the defense stockpile. This is helpful to industry; I hope it is not toying with the national security.

Beyond this, the ODM and the Commerce Department can only agree on confusing the situation hopelessly.

On one hand, they state they are exercising no controls, on the theory, expressed by Dr. Flemming when the NPA orders controlling nickel were revoked, that "competition in a free market is a major factor in the maintenance of a strong and dynamic economy." Again and again Dr. Flemming and Secretary Weeks reiterate that there are no Government controls. And equally frequently they repeat that the present distribution is fair and equitable.

But when I heard the testimony of Mr. Mueller, Assistant Secretary of Commerce, and Mr. McCoy of the Commerce Department, and Mr. Wingate of the International Nickel Co., I had a very different impression.

Instead of there being no Government controls, I concluded there is now an informal voluntary agreement between Commerce, the International Nickel Co. and the few other minor producers, and the distributors of nickel to platers and other small users of nickel. Mr. McCoy's testimony on page 232 of the small business hearings made it clear that International Nickel agreed to carry on under the same arrangements as NPA had used. Mr. Wingate on pages 291 and 292 left no doubt that the other producers cooperated fully in this system. Mr. Hershman's testimony on page 235 and Mr. Wingate's testimony on page 296 made it clear that the suppliers to the plating industry shared in this arrangement. They have to, of course; if they did not cooperate, Inco would cut off their supplies.

What happens is that Inco assigns a quota to each of its customers. They start with the customers' orders in 1948–1950. Then Inco makes all kinds of adjustments—on the basis of Inco's estimate of the customers' needs, and the future prospects of the customer and so on, as described at length at pages 292–299 of the small business hearings.

Each customer is then required to say just how much he got from any supplier other than Inco. This is deducted from his allocation. This applies to the Government nickel from NICARO, as much as to any other.

Part of the original agreement was that the Commerce Department would be permitted to look at the books of the producers and suppliers to see whether the agreement was being carried out.

Listen to this quotation from the Commerce Department's report on nickel, issued in December 1955:

> Question. What steps are taken by the Government to assure equitable distribution of nickel?
>
> Answer. BDSA personnel conduct a monthly audit of nickel distributed by nickel producers in order to make sure that some nickel consumers do not get more than their fair share. This is done by BDSA personnel matching up the order boards of nickel producers in order to insure that consumers do not place duplicate orders with different suppliers. In addition, the order boards of the nickel plating suppliers are audited periodically. The most recent audit was conducted during September of this year. In this way any inequities can be corrected quickly.

Dr. Flemming thinks nickel is being distributed in the civilian market without Government controls—page 376. He calls what the Government does maintaining liaison. Perhaps he considers this Inco-run Government-assisted system "competition in a free market."

I cannot agree. I think even the best-run cartels in Europe must envy the situation into which the Government has placed the International Nickel Co., backing its control over the market, and lending its sanction and approval to this system.

I do not blame International Nickel for this situation. On the contrary, it seems to me that it is Secretary Weeks and Dr. Flemming who are primarily responsible, and they may well have not appreciated what they were doing.

Dr. Flemming may not appreciate how thorough is this Government control or Government support of Inco control. I suspect he does not. If he had appreciated it, he would not have said:

> Formal control over the distribution of nickel in the civilian economy would bring a great many liabilities in its wake. Informal controls would create even more serious liabilities. If we are going to have controls, they should be formal controls, so that everyone knows the rules of the game" (p. 375).

Mr. Mueller of the Commerce Department, on the other hand, presumably knew what was going on, though even he does not seem to appreciate the result of the Government's actions. His view of this private voluntary agreement, sponsored and supervised by the Government was shown by the following colloquy:

Mr. ODOM. So that you could say as between International Nickel Co. controlling that industry and the Government controlling the industry, you would rest it in the hands of International Nickel Co.; is that your testimony?

Mr. MUELLER. Well, as a matter of fact, that is the way it has been done, to a large extent.

Mr. ODOM. And you think that is the best procedure?

Mr. MUELLER. I think it is far preferable to the Government doing it.

This is not free competitive private enterprise. This is not a free market. This is not freedom from Government controls.

This is not freedom from governmental control. Every plater in the country knows that he is not engaging in a free enterprise industry. He knows he is being subjected to the monopolistic control of the International Nickel Co., which, in turn, has the cooperation and assistance of, and in a very real sense, the approval of its practice by the United States Government.

If the nickel situation is so bad that such a system is necessary, I am convinced it should be run in an open, public way by Government orders, printed in the Federal Register, so that all who are affected can know what is being done, with formal procedures established for protests and appeals, and with definite lawful penalties for violations.

Mr. President, the little fellow does not have a chance against the exercise of discretion by the International Nickel Co. He takes the nickel it allows him, and he likes it, or he can go broke as a result of raising protests which may get him into difficulty when it comes to getting future supplies.

I think Dr. Flemming and Secretary Weeks can now take measures to assist the consumers of nickel, even under the present statute. In the first place, there are many forms of allocation short of control over the general distribution in the civilian market which they could now exercise regardless of the limitations imposed by section 101 (b) of the act. Furthermore, even Dr. Flemming agrees that the facts support a finding under section 101 (b) warranting the exercise of control over the general distribution of nickel in the civilian market—Defense Production Act hearings, pages 37–38.

The amendment is desirable, in my view, to make it clear that the President has a duty, when the needs of defense bring about a situation like the nickel situation today, to review the situation carefully, and to look into all the many forms of control which he might exercise, and then to take whatever action will best remedy the situation.

This amendment is no iron maiden. It does not handcuff the President and compel him to take needless or harmful action. The provision is loaded with escape clauses. I realize that the Congress cannot specify just what form of relief would be best in a complicated and changing situation. Even if we could devise the best system in the world for today's situation, tomorrow's problem would be different and would call for a different solution.

What the amendment does is to make it clear that the President should not wash his hands of responsibility for a situation created by the needs of defense.

What the Senate has done this afternoon, in my judgment, is to give long-overdue assistance to small-business men, particularly those in the plating industry, so far as the nickel business is concerned. Under the amendment, the President has the clear authority and, in my judgment, the charge of duty to come to the assistance of these small-business men when the facts make it perfectly clear that they are entitled to relief.

The PRESIDING OFFICER. Do both sides yield back the remainder of their time?

Mr. HRUSKA. Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a statement which I prepared on H. R. 9852.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HRUSKA

The time is most opportune to give new impetus to a well-considered policy of industrial dispersion which will not disrupt or dislocate our existing industrial installations.

It is appropriate first that we assess a policy of industrial dispersion as another addition to our arsenal of military weapons. Senators have heard many speeches and much testimony before their committees in recent weeks on the relative merits of certain items of military hardware over others. Such discussion is aimed at bringing our Military Establishment to the highest peak of striking power possible.

A policy of industrial dispersion should, in my opinion, be discussed in the same light. Industrial dispersion is a sound investment for our defense dollar.

The potential of aggressor nations' destructive power increases daily. I need not detail the destruction with which we would be threatened in case of attack by an enemy.

The importance of dispersion has increased as man has devised weapons of war with ever greater destructive power. Unnecessary concentration of our industrial facilities is a neglect of a vital part of our defense program.

Industrial dispersion is, of course, not the complete solution to our problems of vulnerability but it is an integral part of any modern mobilization program. As such, it should be so recognized by a declaration of policy by Congress such as is proposed.

It is also appropriate that the Senate make such a declaration of policy at a time when our economy is at a high peak of prosperity. The vigor of our industrial community is at an alltime high. Plant modernization and expansion is proceeding at an unprecedented peacetime pace and there is little sign of a slackening.

Thus, a vigorous program of industrial dispersion can be initiated without disruption or dislocation of existing industrial installations.

The McGraw-Hill Publishing Co., in its eighth annual survey of industry, estimated recently that American industry will spend $39 billion for plant modernization and expansion this year. That is a 30-percent increase over 1955.

Most of the large increases in capacity this year are in the field of manufacturing—with just under $14 billion worth of capital spending scheduled for this year. Further, the manufacturing industry plans $13.2 billion worth of capital spending in 1957. McGraw-Hill reports that around $11 billion for plant and expansion already has been earmarked by manufacturers for 1958 and a like amount in 1959.

These figures show that the yield of an industrial dispersion program would be high. Despite the urgency of need for industrial dispersion, there is a practical limit to how much our industrial capacity can be dispersed within a given period. At this time, when our manufacturing community is extremely active in increasing capacity, that limit is comparatively high.

This is well attuned to the current problems and potentialities of our dispersion program. It would require those executive agencies concerned to apply the principles of dispersion in considering location of all new industrial facilities in which the Government renders financial assistance. It recognizes the undesirability of disrupting the great industrial complexes which are the backbone of our economy. But, at the same time, it declares that Federal funds will not be used in establishment of new industrial installations to increase the vulnerability of established facilities.

This program, therefore, would do much to increase the protection of our established industrial capacity as well as to provide whatever measure of protection possible for new installations. In short, it would guard against making any target area any more critical than at present.

Techniques of industrial dispersion are well developed. The Departments of Defense and Commerce, the Office of Civil Defense, and the Office of Defense Mobilization have established dispersal criteria and methods of applying them to specific areas.

Industrial dispersion is no longer a yardstick matter. Taking into consideration the awesome destruction which can be wrought by nuclear weapons and the complications of fallout patterns, there can be established no scale of dispersion readily applicable to every situation.

Nevertheless, mobilization planners, on a case-by-case basis, have devised a technology of dispersion geared to the requirements for the maximum of practical protection.

A national policy of industrial dispersion was declared in August 1951. The first standards of proper spacing of industrial facilities soon became obsolete. But modernized dispersion criteria have become a major consideration for any company expanding its capacity through new plant construction.

Any additional encouragement Congress can provide this program would, Mr. President, increase the effectiveness of our industrial community in its potential role as a bulwark of our defense against attack. I urge that H. R. 9852, as reported by the committee, be passed.

Mr. JOHNSON of Texas. I am prepared to yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I wish to commend the Senator from Oregon [Mr. MORSE], because he did a great deal of work on the amendment, and I think he deserves much credit.

Mr. MORSE. Mr. President, I thank the Senator from Arkansas. Not in the spirit of reciprocity, but out of the depths of my heart, I say that the entire Senate is indebted to the Senator from Arkansas for the leadership he gave. This is a good bill, and the fact that is a good

bill is due in no small measure to the leadership of the Senator from Arkansas.

Mr. FULBRIGHT. I thank the Senator from Oregon.

The PRESIDING OFFICER. Is all time yielded back?

Mr. JOHNSON of Texas. I have yielded back my time, Mr. President.

Mr. PURTELL. We yield back our time, Mr. President.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 9852) was read the third time, and passed.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1957

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated by title.

The LEGISLATIVE CLERK. A bill (H. R. 10986) making appropriations for the Department of Defense for the fiscal year ending June 30, 1957, and for other purposes.

CONVEYANCE OF CERTAIN LANDS TO THE CITY OF CHEYENNE, WYO.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 2220, Senate bill 2654.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2654) to authorize the Administrator of General Services to convey certain lands in the State of Wyoming to the city of Cheyenne, Wyo.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which has been reported from the Committee on Government Operations, with amendments.

Mr. O'MAHONEY. Mr. President, this bill is one of several which were objected to upon the last call of the calendar. This bill and the one to which I shall refer later were objected to by the Senator from Oregon [Mr. MORSE], who has since withdrawn his objection. The bill is noncontroversial.

Some 20 years ago the city of Cheyenne conveyed more than 600 acres to the Government for a Veterans' Administration center in that city. The bill transfers back to the city 90.2 acres for which the Veterans' Administration has no longer any need.

Mr. BARRETT. Mr. President, will my colleague yield?

Mr. O'MAHONEY. I yield.

Mr. BARRETT. Mr. President, I have received a letter from the mayor of Cheyenne, in which he says that 1,100 boys play ball in a field which is a part of the 90 acres the city is asking to have restored.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter from the superintendent of schools of Cheyenne, Wyo., in connection with the location on the tract of a possible second senior high school.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHEYENNE PUBLIC SCHOOLS,
Cheyenne, Wyo., June 6, 1956.

Hon. FRANK A. BARRETT,
United States Senate,
Washington, D. C.

DEAR FRANK: I am sure that you are aware of our interest in the land by the Veterans Hospital, east of Cheyenne. We have watched with interest the legislation to return this land to the city and have been in close touch with the present city officials. We have their verbal assurance that we will be given some land from the 400-plus acres that has been included in the first bill. This land would be used for an athletic stadium.

You are aware also that we were especially anxious to secure part of the additional 90 acres for the location of a possible second senior high school. This land is ideally located for such purposes. I am sure that you know the number of possible sites for a building of the type necessary is quite limited.

The city officials have been quite cooperative, and we feel certain that should this additional land be returned to the city of Cheyenne, we would have no difficulty securing the site from them.

We are aware of your interest in our schools and will certainly appreciate anything you can do to aid us and the city in securing this property.

Respectfully yours,

SAM CLARK.

The PRESIDING OFFICER. The committee amendments will be stated.

The amendments of the Committee on Government Operations were, on page 1, line 3, after the word "That", to insert a comma and "subject to the provisions of section 2 (a) of this Act", and on page 2, after line 5, to insert:

SEC. 2. The deed of conveyance (1) shall provide that the tract of land authorized to be conveyed shall be used by the city of Cheyenne, Wyo., for such purposes as will not in the judgment of the Administrator of Veterans' Affairs or his designate interfere with the operation of the Veterans' Administration Center, Cheyenne, Wyo.; (2) may contain such additional terms, conditions, reservations, and restrictions as may be determined by the Administrator of General Services to be necessary to protect the interests of the United States; and (3) shall provide that title to such tract shall revert to the United States upon the violation by the grantee of any such term, condition, reservation, or restriction.

So as to make the bill read:

Be it enacted, etc., That, subject to the provisions of section 2 (a) of this act, the Administrator of General Services is authorized and directed to convey by quitclaim deed, without consideration, to the city of Cheyenne, Wyo., all right, title, and interest of the United States in and to approximately ninety and two-tenths acres of land, together with any improvements thereon, which were formerly a part of the tract of land comprising the Veterans' Administration Center, Cheyenne, Wyo., and declared surplus to the needs of the Veterans' Administration, the exact description of which shall be determined by the Administrator of General Services.

SEC. 2. The deed of conveyance (1) shall provide that the tract of land authorized to be conveyed shall be used by the city of Cheyenne, Wyo., for such purposes as will not in the judgment of the Administrator of Veterans' Affairs or his designate interfere with the operation of the Veterans' Administration Center, Cheyenne, Wyo.; (2) may contain such additional terms, conditions, reservations, and restrictions as may be determined by the Administrator of General Services to be necessary to protect the interests of the United States; and (3) shall provide that title to such tract shall revert to the United States upon the violation by the grantee of any such term, condition, reservation, or restriction.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ORDER FOR RECESS TO MONDAY

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in recess until next Monday at 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

HOWARD SHARP BENNION

Mr. WATKINS. Mr. President, it is one of the tributes of the American way of life that a man may rise from humble circumstances—through events and challenges—to a position of greatness, worth, and spiritual well-being in our land. Such a man is inspirational to all of us, and in recounting something of the story of his life we are again reminded of the value of America and of the American spirit, while recognizing the worth of a citizen of whom we are proud.

Such a man is Howard Sharp Bennion, better known in the electrical utilities industry as "the Colonel."

In the fall of 1889, Howard Bennion was born—the third of nine children—to a couple then living in the little community of Vernon, Utah, a settlement that today numbers still no more than a hundred persons. Through the urging of the late great Utah Senator—Reed Smoot—the worth of this young man was recognized and the Republican Senator assisted him in procuring appointment to West Point's well-known United States Military Academy. Four years later Howard Bennion graduated—top man in his class.

In his military career, in the business career that followed, and in his life-long devotion to his religion, Howard Bennion has lived a life of service. He is now a patriarch in the Church of Jesus Christ of Latter-day Saints—the Mormon Church. He has achieved fame and reputation in the electrical utilities field, to which—after 30 years of service as its spokesman—he recently announced his retirement. He has served long as vice president and managing director of the Edison Electric Institute, and the people of his native State are justifiably proud of Colonel Bennion and his great record of outstanding service.

Colonel Bennion's career and achievement is reviewed in a recent account in the New York Times, and I ask unani-

mous consent that that statement be made a part of my remarks. I am sure that many of my colleagues here will read with pleasure and profit this story of a great American.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A PATRIARCH LEAVES UTILITY FIELD AFTER 30 YEARS AS ITS SPOKESMAN—COL. HOWARD SHARP BENNION RETIRING TO SALT LAKE CITY AND MORMON WORK

ATLANTIC CITY, June 5.—The Nation's electric utilities honored here today their spokesman for the past 30 years.

Col. Howard Sharp Bennion, a patriarch of the Church of Jesus Christ of Latter-day Saints (Mormon) stepped down officially as vice president and managing director of the Edison Electric Institute. This brought to a close a career that has been one-third military and two-thirds industrial leadership and has remained throughout 100 percent devoted to his church.

The industry, recognizing this leadership presented itself a 30-by-40-inch portrait of The Colonel painted for EEI by the artist Thomas A. Stephens.

In his 30 years' service Colonel Bennion has seen the industry's production multiply eight times to last year's record output of 545 billion kilowatt hours.

The outstanding characteristic of the man is his gentleness. Quiet, soft-spoken, almost shy, The Colonel, as he is known to utility leaders, was born in Vernon, Utah, on September 7, 1889, the third of nine children. Of Welsh, English and Scotch ancestry, Colonel Bennion's forbears were among the Mormon pioneers.

RELIGION AND DANCING

His early education was interspersed with farm chores. He admits today that he was not much interested in such work, preferring reading, games and the religious activities that even today occupy much of his time.

"Families would take turns giving a dance in their homes," he recalled. "There would be one, possibly two, fiddlers. Neighbors would drive over by team and the dance would last all night. Small children would be put to bed. A supply of good food would more than meet the needs and after a hearty breakfast at sunrise the teams would be hitched up and the party would disperse."

For 40 years he has worn high-laced shoes, souvenirs of a pulled tendon at a dance in Washington.

ALWAYS A STAR

The late Senator Reed Smoot, Republican of Utah, urged young Bennion to take an appointment to the United States Military Academy at West Point, which he entered in March, 1908. He was top man in his class (1912) and achieved a scholastic rating that ranks him with Gens. Robert E. Lee and Douglas MacArthur.

The Howitzer for 1912, West Point's yearbook, said:

"Some men are born bright, others achieve brightness, and still others have brightness thrust upon them. Bennion suffers all three and, in consequence, has always been a star [West Point designation for those in the upper 2 or 3 percent of their class]. And, yet, how quiet and unassuming is the man from the sagebrush of Utah."

When he left the Point, he enrolled in the School of Army Engineers, from which he was graduated, again at the top of his class, in 1915. Lieutenant Bennion served 6 months in Texas during the Mexican border troubles, then was transferred to the Philippine Islands, where he headed a military survey of Luzon.

With America's entry into World War I, he became commanding officer of the 1st Battalion, 2d Engineers, and took that unit to France in 1917. At the age of 28 he was selected to organize the new Army Camouflage Service. In that capacity he wrote three manuals, many of whose principles are still basic Army doctrine.

For this service he received the Distinguished Service Medal. Later he was honored by France with membership in the Legion of Honor for rehabilitation work.

ASSIGNED TO FPC

Postwar service with the engineers at Washington slowly headed him to the world of electric utilities. Shortly after his marriage to Marian Norros Cannon in 1920, Colonel Bennion was assigned by the War Department to duty with the then new Federal Power Commission, a group with which he has had continuous dealings ever since.

On leave of absence in 1926 he became director of engineering for National Electric Light Association, predecessor of the Edison Electric Institute.

In that post he set the standards for his later job with EEI: "The efficiency of our association," he wrote, "depends on a widespread interchange of ideas and information. * * * We are like sentries on outpost and frequently must decide whether there is time to call up the main body to attack the question at issue or whether we ourselves must engage it with the limited force at hand."

This has been pretty much the way Colonel Bennion has governed policies of EEI over the years.

He resigned from the Army later in 1926. When the NELA was dissolved in 1933, he continued with the new EEI, and in 1939 he was elected vice president and managing director.

The 17 years that followed have seen the electric utilities pace the Nation's economy, pacing it and fulfilling its needs even during the unprecedented demands of wartime. During World War II, Colonel Bennion was approached many times with offers to return to high military posts, but he cast his lot with guidance of the war efforts of the utilities.

After the war, he helped lead the industry in battle against so-called socialized power. He also helped to make EEI a clearinghouse for nuclear-power information.

Today this quiet man embarks on a new career in which one of his top worries will be how to keep off excess weight.

"Over the years," he explains, "I've had no trouble keeping at 178 pounds because I've worked it off. Now I'm not sure what will happen."

Mrs. Bennion and the colonel leave for a trip through western Europe and Greece and Israel ("Just to see them," he said) and then back to Salt Lake City where they will both keep active in their church work.

The official tribute read yesterday by Louis V. Sutton, president of the Carolina Power & Light Co., summed up the industry's attitude:

"No industry has ever been better served by an individual than the electric utility industry has been by Col. Howard Sharp Bennion. He has been our leader, our monitor, our good and useful servant. His vast abilities have won our admiration and our gratitude."

CONVEYANCE OF TRIBAL LANDS OF THE WIND RIVER RESERVATION, WYO., TO THE UNITED STATES

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 2253, Senate bill 3467.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3467) to authorize the conveyance of tribal lands from the Shoshone Indian Tribe and the Arapahoe Indian Tribe of the Wind River Reservation in Wyoming to the United States.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment.

Mr. O'MAHONEY. Mr. President, like the bill which was passed a few moments ago, this bill was objected to on the last call of the calendar by the Senator from Oregon [Mr. MORSE] in order that he might have an opportunity to examine it. He has examined it and has withdrawn his objection.

The purpose of the bill is to enable the Arapaho and Shoshone Indians of Wyoming to transfer 388.23 acres to the Government of the United States, the Bureau of Reclamation, for the purpose of constructing a reservoir. The bill is approved by the Department of the Interior and is unanimously reported by the committee.

Mr. BARRETT. Mr. President, will my colleague yield?

Mr. O'MAHONEY. I yield.

Mr. BARRETT. Mr. President, it is necessary to pass this bill if this project is to be constructed at an eary date. Is that not correct?

Mr. O'MAHONEY. That is correct.

The PRESIDING OFFICER. The committee amendment will be stated.

The amendment of the Committee on Interior and Insular Affairs was to strike out all after the enacting clause and insert:

That the Shoshone Indian Tribe and the Arapaho Indian Tribe of the Wind River Reservation are authorized to convey to the United States the tribes' interests in the 388.23 acres of land that are described in section 2 of the act, subject to a reservation to the tribes of all minerals, including oil and gas, and mineral rights, which may be exercised only in a manner that does not interfere with the construction and operation of the dam site and reservoir of Anchor Dam, a part of the Owl Creek unit, Missouri River Basin project in Hot Springs County, near Thermopolis, Wyo. If the tribes fail to agree to such conveyance within 30 days after the date of this act, the Secretary is directed to acquire such land by eminent domain. The consideration payable to the tribes pursuant to eminent domain proceedings, if such should be necessary, shall be paid out of funds appropriated for the Missouri River Basin project and shall be deposited in the Treasury of the United States to the credit and for the use of the respective tribes in accordance with the provisions of the act of May 10, 1947 (61 Stat. 102), as amended.

SEC. 2. The lands that are referred to in section 1 of this act are: Lots 1 and 2, section 13, northwest quarter, north half southwest quarter, west half northeast quarter, and northwest quarter southeast quarter, section 24, township 8 north, range 1 west, Wind River meridian, Wyoming, containing 388.23 acres.

SEC. 3. In the event of the failure or abandonment of the Anchor Dam feature of the Owl Creek unit the interest in the land acquired pursuant to this act shall be reconveyed by the Secretary of the Interior to the tribes and the title shall be held in the same manner it was held before such acquisition: *Provided*, That the sum of the award in the

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 26, 1956
For actions of June 25, 1956
84th-2nd, No. 105

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HIGHLIGHTS: House received conference reports on: Public works appropriation bill. Labor-HEW appropriation bill. Road bill. House committee reported trip leasing bill. Senate subcommittee ordered reported area development bill.

SENATE

1. DEFENSE PRODUCTION. Senate and House conferees were appointed on H. R. 9852, to extend the Defense Production Act of 1950. pp. 9832, 9846

2. EXPORT CONTROLS. Senate and House conferees were appointed on H. R. 9052, to extend the Export Control Act of 1949. pp. 9832, 9846

3. NATURAL RESOURCES. The Interior and Insular Affairs Committee reported with amendment S. J. Res. 139, to provide for the observance and commemoration of the fiftieth anniversary of the first conference of State governors for the protection of the natural resources of the U. S. (S. Rept. 2299). p. 9789

4. APPROPRIATIONS. Continued debate on H. R. 10986, the Defense Department appropriation bill for 1957. pp. 9796, 9804, 9822

5. AREA REDEVELOPMENT. The Labor and Public Welfare Subcommittee on Labor ordered reported to the full committee with an amendment in the nature of a substitute S. 2663, to establish an effective program to alleviate conditions of excessive unemployment in certain economically depressed areas. p. D675

6. FOREIGN AFFAIRS. Sen. Humphrey spoke in favor of legislation to strengthen international relations through cultural and athletic exchanges and participation in international fairs and festivals, and inserted two articles on the subject. p. 9843

7. LEGISLATIVE PROGRAM. Sen. Johnson announced that the mutual security bill may be considered today. p. 9795

8. MARKETING. The Judiciary Committee reported with amendment S. 2891, to prohibit the use by certain businesses of the initials "U. S." in the business or firm name, or pictures of the Capitol Building and other public buildings of the U. S. in their advertising (S. Rept. 2351). p. 9789

9. COMMODITY CREDIT CORPORATION. S. 3820, as reported (see Digest 104), increases CCC borrowing authority by $2.5 billion, an increase of $500 million above the bill as introduced. The committee report includes the following statement:

"Since this bill was introduced the Soil Bank Act was enacted, providing for the use of the Corporation's funds in advance of appropriation until June 30, 1957, to finance operations under that act. Firm estimates as to the effect of the Soil Bank Act on the Corporation's need for borrowing authority are not feasible at this time and the committee therefore recommends amendments to the bill increasing the Corporation's borrowing authority by an additional half billion dollars to $14.5 billion, which it is believed will carry the Corporation through May of next year when more accurate estimates of needs can be made."

10. FOREIGN AID; SURPLUS COMMODITIES. H. R. 11356, as reported (see Digest 101), includes the following provisions: Authorizes use of development assistance funds for nonadministrative expenses to assist in carrying out functions delegated to ICA under the Agricultural Trade Development and Assistance Act. Authorizes appropriation of $157,500,000 for various programs of technical cooperation in fiscal year 1957. Authorizes $3 million for payment of ocean freight charges on relief goods shipped by voluntary agencies. Authorizes $1,500,000 for administrative expenses arising from ICA's administration of foreign currencies received for sales of surplus agricultural commodities under title 1 of the Agricultural Trade Development and Assistance Act. Increases the ceiling on U. S. contributions to the Food and Agriculture Organization from $2 million a year to $3 million a year, with a proviso that in no case can our contributions exceed 31.5% of the total annual budget of the organization. Exempts from the 50-50 cargo-preference law shipments between foreign countries of commodities procured with foreign currencies received for surplus agricultural commodities under the Agricultural Trade Development and Assistance Act. Amends the Agricultural Trade Development and Assistance Act so as to require that at least 5% of the aggregate of the currencies shall be used for student-exchange programs and to permit use of not over $5 million annually of the currencies for translation, publication, and dissemination of books and periodicals abroad. Espresses it as the sense of Congress that the President should explore with other nations the establishment of an International Food and Raw Materials Reserve under auspices of the UN and related international organizations.

As reported (see Digest 104), S. 3903 amends the Agricultural Trade Development and Assistance Act so as to increase from $1.5 billion to $3 billion the amount under title 1, to permit foreign currencies acquired under the title to be used to assist American-sponsored schools abroad, to remove barter transactions from the purview of the provision against trade with Iron Curtain countries, and to exempt sales of fruit and fruit products from private stocks under title 1 of the Act from the cargo preference laws.

it can get along with, even though General LeMay and General Partridge feel they could use more—and probably they could use more—yet General Twining and Secretary Quarles say they are satisfied.

It is an austere budget, and the funds available for aircraft production must be figured very closely. Therefore, if we appropriate an additional $350 million, there will be a certain degree of flexibility which will allow the Air Force a little more leeway in building B–52's, if that is the thing to do, or in building aircraft of other types, if that is the thing to do. At any rate, such an additional appropriation will give the Air Force a little more flexibility from the present very austere budget, from a banking point of view, in paying for aircraft procurement. In my view, that is the argument in favor of making an increase of $500 million, instead of an increase of $1,162,000,000, as recommended by a majority of the committee.

Mr. ELLENDER. Mr. President, if the President of the United States and the Joint Chiefs of Staff present us with a new budget estimate for such an additional amounts—and let me say that I assume that when General Twining returns from Russia, he will have a great deal to say—then it may be necessary to increase the budget. But I do not see the necessity for increasing the budget at this time, in view of the fact—as I have pointed out—that even with amounts recommended by the military, there will be more than $12 billion of unobligated funds at the end of the next fiscal year.

The only thing an increase in the budget would achieve, may I say to my good friend from Massachusetts, would be further to increase the amounts of unobligated year-end balances. The Senator knows that I have constantly taken the position that the armed services should not come before us and ask for more money than they can spend. As I have pointed out on many occasions, the fact that they have so much money to spend leads to the purchase of a great many supplies that are far beyond the capacity of our armed services to use.

Mr. SALTONSTALL. Mr. President, will the Senator further yield?

Mr. ELLENDER. I yield.

Mr. SALTONSTALL. The Senator speaks about the unobligated balances. About $2½ billion of the unobligated balance is in the 1957 budget. In other words, in round figures, they are asking for $36.8 billion, and they are adding $2.5 billion, which makes a total of $38.8 billion, in round figures.

Mr. ELLENDER. Yes; but if we add to that amount the unobligated balances from the previous year we will end the year for which we are appropriating money, as I pointed out, with almost $12 billion unobligated. Nine billion dollars of it is actual cash on hand, so to speak, and the remainder is to be earned from the sale of hardware through MDAP.

Mr. SALTONSTALL. When the figure goes below $10 billion of unobligated balances in the entire Department of Defense, we get down to a position which is estimated to be about as low as it should get. In other words, that figure represents the bank balance. How much they can go below $10 billion is a question which has not been determined.

Mr. ELLENDER. Secretary Wilson stated to us last year that he intended to continue whittling away at the figure until he got it down to $5 billion or $6 billion.

Mr. SALTONSTALL. I think that is a little low.

Mr. ELLENDER. I am sure that an amount of that size would be far more than the amount really necessary to carry as unobligated.

Mr. SALTONSTALL. I think he now estimates that $8 billion or $9 billion would be the appropriate figure, rather than $5 billion or $6 billion.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SPARKMAN. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. ROBERTSON, Mr. SPARKMAN, Mr. FREAR, Mr. BRICKER, Mr. BENNETT, and Mr. BUSH conferees on the part of the Senate.

EXTENSION OF EXPORT CONTROL ACT OF 1949

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 9052) to amend the Export Control Act of 1949 to continue for an additional period of 2 years the authority provided thereunder for the regulation of exports, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SPARKMAN. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. FULBRIGHT, Mr. ROBERTSON, Mr. SPARKMAN, Mr. FREAR, Mr. BRICKER, Mr. BENNETT, and Mr. BUSH conferees on the part of the Senate.

Mr. SPARKMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL AID TO EDUCATION

Mr. LEHMAN. Mr. President, legislation authorizing Federal aid for school construction has been pending before the Senate and the Congress since the first days of 1955. We have had 2 sets of proposals from the administration—1 impossible and 1 just inadequate. Other legislative formulations have also been pending on the same subject both in the House and the Senate.

I am myself deeply committed to the general proposition of Federal aid for school construction. I believe in it with all my heart and I am, indeed, a cosponsor of a legislative formulation introduced last year by the distinguished senior Senator from Alabama [Mr. HILL], who is chairman of the Labor and Public Welfare Committee, which has jurisdiction over legislation on this subject.

Last year that committee, of which I am proud to be a member, held extensive hearings on all the legislative proposals on this matter that were before us. The Education and Labor Committee of the House has even more recently held extensive hearings on the same subject. The House committee has reported a bill, and the Rules Committee has granted a rule. Consideration of this legislation in the House is scheduled to begin this week.

It has taken 2 years to move this legislation to even this point of consideration. We here all know—although I doubt whether the general public knows—why this legislation has moved so slowly and hesitantly, despite the fact that it is "must" legislation, so labeled by the President of the United States and the majority leadership of both the House and the Senate.

The reason for the delay and hesitation on legislation for Federal aid for school construction, despite the great need and the overwhelming public support for it, has been the fear in both the House and Senate of confronting an antisegregation amendment.

The fear has bene commonly expressed that if such an amendment is offered, it will set off an explosive debate and a filibuster in the Senate, and will interfere with the rest of the legislative program in the Senate. I am afraid that there may have been other and less worthy motives involved, too.

Mr. President, I favor an antisegregation amendment quite as much as I favor the basic legislation itself—and I have been a supporter of Federal aid for education and have fought for it ever since I became a Member of the Senate and for many years before that.

As soon as the question was raised last year I announced that I would support an antisegregation amendment and that I would, in fact, submit one and do my best to insure that such an amendment comes to a vote in the Senate.

On numerous occasions since then I have said the same thing, on the floor of the Senate, to the press and in public speeches. I gave my pledge that I would submit such an amendment, would support it, and fight for it.

That is my intention still and, indeed, my determination, as we face the prospect and the necessity of considering and

2. Supporting activities directly related to research and development: Certain of the requirements in direct support of the research and development program are not included in the research and development appropriations, but are included in other appropriations which provide the same general type of support for all military programs. These include military construction, industrial facilities financed under procurement appropriations and the pay and allowances of military personnel. On the basis of detailed program data, the amounts in these appropriations that are directly related to the activities financed under the research and development appropriations are estimated as follows:

[Millions of dollars]

	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957
(a) Military construction:			
Army	1.9	8.0	43.1
Navy	9.7	63.0	55.9
Air Force	109.3	98.5	224.9
Subtotal	120.9	169.5	323.9
(b) Industrial facilities:			
Army	------	------	------
Navy	------	------	34.5
Air Force	45.2	88.1	52.7
Subtotal	45.2	88.1	87.2
(c) Military personnel:			
Army	35.9	40.7	46.3
Navy	41.5	43.4	43.8
Air Force	100.8	103.8	106.2
Subtotal	178.2	187.9	196.3
(d) Department of Defense total:			
Military construction	120.9	169.5	323.9
Industrial facilities	45.2	88.1	87.2
Military personnel	178.2	187.9	196.3
Total	344.3	445.5	607.4
Army	37.8	48.7	89.4
Navy	51.2	106.4	134.2
Air Force	255.3	290.4	383.8

3. Items under development, test and evaluation: Many of the programs for developing new weapons and military equipment have, as the result of previous years research efforts, reached a stage where it is necessary to procure preliminary production items in limited quantities for test and evaluation as to:

(a) The soundness of the engineering design;

(b) The feasibility of the production design; and

(c) The operational suitability of weapons or equipment from a military standpoint, prior to standardization for operational use and large scale production for issue or inventory.

Major engineering changes and improvements must be made in new developments, provisionally accepted for limited production and use, to satisfy the need for achieving early operational capabilities with the most modern weapons attainable in support of national security policy. All procurement items which have been standardized or otherwise approved for service use within the military departments have been excluded from the following estimates. Procurement items which are not standardized, to the extent they can be identified at this time, are considered as being under development and are estimated as follows:

[Millions of dollars]

	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957
(a) Aircraft:			
Army	------	------	------
Navy	60.4	10.9	305.8
Air Force	755.3	152.4	216.1
Subtotal	815.7	163.3	521.9
(b) Guided missiles:			
Army	168.7	83.0	453.0
Navy	70.0	104.3	146.5
Air Force	418.4	810.9	1,266.2
Subtotal	657.1	998.2	1,865.7
(c) Ships:			
Army	------	------	------
Navy	41.7	177.6	153.6
Air Force	------	------	------
Subtotal	41.7	177.6	153.6
(d) Other:			
Army	39.7	165.2	100.0
Navy	26.0	33.1	48.9
Air Force	246.2	292.7	249.1
Subtotal	311.9	491.0	398.0
(e) Department of Defense total:			
Aircraft	815.7	163.3	521.9
Guided missiles	657.1	998.2	1,865.7
Ships	41.7	177.6	153.6
Other	311.9	491.0	398.0
Total	1,826.4	1,830.1	2,939.2
Army	208.4	248.2	553.0
Navy	198.1	325.9	654.8
Air Force	1,419.9	1,256.0	1,731.4

4. Summary: The identifiable amounts programed in the fiscal year 1957 budget for research and development, and in support of the research, development, test, and evaluation program can be summarized as follows:

[Millions of dollars]

	Fiscal year 1955	Fiscal year 1956	Fiscal year 1957
(a) Army:			
Research and development	366.3	421.3	410.0
Activities supporting research and development	37.8	48.7	89.4
Development, test, and evaluation items	208.4	248.2	553.0
Subtotal	612.5	718.2	1,052.4
(b) Navy:			
Research and development	434.4	474.2	493.0
Activities supporting research and development	51.2	106.4	134.2
Development, test, and evaluation items	198.1	325.9	654.8
Subtotal	683.7	906.5	1,282.0
(c) Air Force:			
Research and development	420.4	598.0	610.0
Activities supporting research and development	255.3	290.4	383.8
Development, test, and evaluation items	1,419.9	1,256.0	1,731.4
Subtotal	2,095.6	2,144.4	2,725.2
(d) Interservice (emergency fund)	------	------	135.0
(e) Department of Defense total:			
Research and development	1,221.1	1,493.5	1,648.0
Activities supporting research and development	344.3	445.5	607.4
Development, test, and evaluation items	1,826.4	1,830.1	2,939.2
Total	3,391.8	3,769.1	5,194.6
Army	612.5	718.2	1,052.4
Navy	683.7	906.5	1,282.0
Air Force	2,095.6	2,144.4	2,725.2
Interservice (emergency fund)	------	------	135.0

5. Items not estimated: In addition to the above program items which could be identified from data presently available, there are other activities of the Department of Defense and the three military departments which provide significant support to the research and development programs, but which have not been included because the amounts applicable to the research and development program cannot be readily identified. These items include, but are not limited to, the following:

(a) Departmental administrative costs.

(b) The regular operating and maintenance cost of military ships, aircraft, and troop units used in conducting tests.

(c) The pay and allowances of military personnel attached to regular military units used in conducting tests other than specific operational evaluation organizations.

(d) Costs which are part of production contracts required for the further development of standardized items which must be adapted to other uses or improved in performance.

(e) The regular military costs, associated with operational and training units, required in the process of phasing out obsolete weapons and phasing in improved weapons, such as the changeover from propeller driven aircraft to turbojet aircraft.

Mr. SALTONSTALL. Mr. President, will the Senator from Louisiana yield for a brief statement?

Mr. ELLENDER. Yes.

Mr. SALTONSTALL. First, let me commend the Senator from Louisiana upon the care with which he has built up his argument, for his faithful attendance upon the committee's hearings, and for his knowledge of the subject.

The Senator from Louisiana has made a statement about the proposed increase in the amount of $500 million. As one who advocated that amendment, let me say that I agree with the Senator from Louisiana that the budget as a whole is carefully worked out, and is the budget of the administration.

In the Department of Defense, particularly in the Air Force, there are a number of persons who say that additional funds can reasonably be spent for research. There is ample testimony on that point.

Then there is the question of funds for maintenance and operation. The funds available for that purpose may run short during the year. So there is some justification for the appropriation for that purpose of an additional amount of $30 million.

In the case of personnel, we wish to build up the strength of our technical personnel; all of us agree on that point.

So the issue resolves itself to the procurement of aircraft and whether the procurement of more aircraft should be provided for in this year's budget.

According to my view of the matter, although in that case the budget itself will provide for procurement of the aircraft the Air Force says it needs and says

I might say that if the people of the United States can be subjected to a sort of roving tour of art in the field of sports activities, such as that which was sponsored by Sports Illustrated, I should imagine that the people of Australia might have sufficient moral fiber to endure the same kind of exhibition.

I want to know why the USIA does not follow the mandate of the President. Or are we to assume that the President makes speeches merely to please some persons, and that the Government he is supposed to preside over and administer pays no attention to the attitudes and expressions of philosophy by the President of the United States?

I remind the Senate that the President said that freedom of the arts is a basic freedom; it is one of the pillars of liberty in our land. I suggest that in the light of what we have heard, we might contemplate that expression of philosophy by the President.

The recent withdrawal of Sports Illustrated by the USIA, according to the New York Times article and all other press reports, is due to the fact that the USIA is withdrawing from the sponsorship of what had been planned as one of the most important exhibitions of American painting ever to have been sent abroad.

I read from Mr. Anthony Lewis' article in the New York Times of June 20, 1956:

It has done so because of a fear that some of the artists included in the show may be accused of pro-Communist leanings.

This is the third flurry within the USIA in recent months over "subversive art," and it is regarded as the most significant. A number of leading American art institutions had cooperated in getting up this show, and had considered it an ambitious step in international cultural exchange.

The reaction now among these art groups is one of bitterness and disappointment. Call the affair a "fiasco" and say it will end by damaging the cultural standing of the United States abroad.

The projected show was to have included major works of 100 American artists of the 20th century. To get the pictures together, the information agency had called on the American Federation of Arts, a nonprofit organization with headquarters in New York.

I hope the officers of the USIA will study the situation carefully. I noted while I was home during the past weekend that the Minneapolis Morning Tribune had published a blistering editorial relating to this subject matter, and had called to the attention of its readers the fact that the USIA had bowed down to social and political pressures and had demonstrated anything else but integrity and courage in this particular matter. That is all the more reason, it seems to me, why we need in Congress a joint committee on information programs.

The New York Times editorial to which I referred earlier contains one statement which I think is rather apropos, and which I shall read:

Yet it almost seems that every time an effort is made to establish such serious contact some spineless official in Washington becomes frightened by the Communist bugaboo and the enterprise is called off, to the great detriment of American prestige abroad.

The Symphony of the Air, with a record behind it as one of the best American propaganda agencies ever sent to the Far East, lost a scheduled trip to the Middle East presumably for this reason, if it can be called a reason.

It is interesting to note that Symphony of the Air went to the Far East, where the problems are serious; but that when it was scheduled to go to the Middle East, some objection was raised, and this symphonic orchestra, which has been the delight of millions of people, had its program called off.

Mr. President, if that is the kind of attitude which is going to prevail in this country, what is the United States doing in an international convention on the possible uses of atomic energy? Why did the President permit General Twining to go to the Soviet Union? What will happen in this country if some Soviet doctor discovers a new cure for a disease? Are we supposed to die because a Commmunist discovers a cure?

What will happen if General Twining learns of some new development in Soviet planes? Are we supposed to say that we would rather lose a war than to benefit by an advancement in Soviet engineering which might be incorporated in our own planes?

Mr. President, we can become so blind that we can throw ourselves over the precipice of disaster. There is such a thing as common enlightment and horse sense.

I observe that the majority leader has come to the floor. A statement which he made was quoted recently in a magazine article. It more or less underscores what I am trying to say. I can only paraphrase it. He said something to the effect that his beloved father had once told him that "Some people are awfully smart, but they haven't got any sense."

Sometimes one can be awfully smart, but simply not have any judgment. I think what America needs now is some very good judgment.

I think we had better be deciding whether we are going to stand in mortal fear of a little Communist activity, or are going to demonstrate that we have strength, faith, and courage, and are going to put our best foot forward. We should be proud of American art, culture, and industry; and this United States Senator wants to say now that he is for challenging the Soviet Union in every conceivable area of life, by using every talent at our command to do it. There is no room for timidity, for fear, for floundering, for the kind of administrative ambivalance which seems to be plaguing the Government. We are coming in no longer on a slow freight; we are even missing the train.

I am of the opinion we had better make up our minds that we are in a war for keeps. This is a world series having only one game. Either we will win the first game, or we will not be in the series at all. One of the things we must do to win in this great world series competition between the Soviet Union and the free world is to get out in front and stay there.

We are being outmaneuvered in the Middle East while the American people are being deluded into believing everything is fine and dandy. Day after day, in area after area of the world, we are being outmaneuvered and outcounted through the propaganda of the Soviet Union.

The United States is a great country, which is proud of its merchandizing and proud of its advertising; it points with pride to its skill in communications. But for some reason we seem to have become paralyzed when it comes to international competition.

I hope the suggestion made with reference to the United States Information Service at the time the appropriation bill was under consideration will be followed up. I think the whole program needs to be examined. I have had some feelings in the past that we were making progress, but when some Senators stand on the floor and undertake to say that the USIA may be doing something which appears to be a little to the left of Grant or McKinley, then the USIA stands like it has been stunned and immobilized.

I suggest that it should be a little more interested in pursuing a program which will be designed through the cooperation of the best minds in this country, and by persons of talent and resourcefulness.

ADJOURNMENT

Mr. JOHNSON of Texas. Mr. President, pursuant to the order previously entered, I move that the Senate stand adjourned until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 1 minute p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Tuesday, June 26, 1956, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate June 25, legislative day of June 22, 1956.

SECURITIES AND EXCHANGE COMMISSION

James Cunningham Sargent, of New York, to be a member of the Securities and Exchange Commission for the term expiring June 5, 1956.

House of Representatives

MONDAY, JUNE 25, 1956

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, may we now come unto Thee in a truly prayerful spirit, humbly acknowledging how much we need Thee and also confidently realizing that Thou art able and willing to supply all our needs.

Grant that in the midst of the miseries and mysteries, the confusions and changes of life, we may have the patience and perseverance to wait for new and further revelations of Thy love and care.

We pray that the democracy, which we are seeking to establish, may be more magnanimous and unselfish in its feelings and purposes and more extensive in its fellowship and influence.

Inspire us with a faith and courage to break down all the barriers which prevent any of the nations and members of the human family from possessing and enjoying the blessings of freedom and peace.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, June 14, 1956, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2654. An act to authorize the Administrator of General Services to convey certain lands in the State of Wyoming to the city of Cheyenne, Wyo.;

S. 3042. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, (30 U. S. C., sec. 184), in order to promote the development of phosphate on the public domain;

S. 3467. An act to authorize the conveyance of tribal lands from the Shoshone Indian Tribe and the Arapahoe Indian Tribe of the Wind River Reservation in Wyoming to the United States; and

S. 3512. An act to permit desert land entries on disconnected tracts of lands which, in the case of any one entryman, form a compact unit and do not exceed in the aggregate 320 cases.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9852. An act to extend the Defense Production Act of 1950, as amended, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 11619. An act to amend the Internal Revenue Code of 1954 and the Narcotic Drugs Import and Export Act to provide for a more effective control of narcotic drugs and marihuana, and for other purposes.

The message also announced that the Senate insists on its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. EASTLAND, Mr. O'MAHONEY, Mr. DANIEL, Mr. WELKER, and Mr. BUTLER to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 3149) entitled "An act to amend the Civil Aeronautics Act of 1938 in order to permit air carriers to grant free or reduced rate transportation to ministers of religion," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MONRONEY, Mr. MAGNUSON, Mr. SMATHERS, Mr. SCHOEPPEL, and Mr. PAYNE to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 6376) entitled "An act to provide for the hospitalization and care of the mentally ill of Alaska, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. JACKSON, Mr. BIBLE, Mr. LAIRD, Mr. KUCHEL, and Mr. GOLDWATER to be the conferees on the part of the Senate.

The message also announced that the Senate requests the House to return to the Senate the message announcing its agreement to the amendments to S. 1622, entitled "An act to authorize the Secretary of the Interior to make payment for certain improvements located on public lands in the Rapid Valley unit, South Dakota, of the Missouri River Basin project, and for other purposes."

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. CARLSON members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States, numbered 56–17.

EXTENDING DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, RAINS, WOLCOTT, GAMBLE, and TALLE.

AMENDING THE EXPORT CONTROL ACT OF 1949

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9852) to amend the Export Control Act of 1949 to continue for an additional period of 2 years the authority provided thereunder for the regulation of exports, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. SPENCE, BROWN of Georgia, PATMAN, RAINS, WOLCOTT, GAMBLE, and TALLE.

APPROPRIATIONS FOR TENNESSEE VALLEY AUTHORITY, CERTAIN AGENCIES OF DEPARTMENT OF THE INTERIOR AND CIVIL FUNCTIONS OF THE ARMY, 1957

Mr. CANNON submitted the following conference report and statement on the bill (H. R. 11319) making appropriations for the Tennesseee Valley Authority, certain agencies of the Department of the Interior, and civil functions administered by the Department of the Army, for the fiscal year ending June 30, 1957, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 2413)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 11319) "making appropriations for the Tennessee Valley Authority, certain agencies of the Department of the Interior, and civil functions administered by the Department of the Army, for the fiscal year ending June 30, 1957, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 8, and 9.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 6, 7, 13, 14, 19, 20, 21, 22, and 23, and agree to the same.

15. DEFENSE PRODUCTION. Received the conference report on H. R. 9852, to extend the Defense Production Act of 1950 (H. Rept. 2486). pp. 9972, 9975 The conferees deleted the House provision that private individuals appointed to the Executive Reserve would have to file a financial statement in the Federal Register, and expressed approval of continued industrial dispersal.

16. AGRICULTURE Committee reported the following bills: p. 9975
H. R. 8817, with amendment, to provide for the transfer of certain USDA lands to Corbin, Ky. (H. Rept. 2464).
H. R. 9339, without amendment, to authorize the exchange of certain lands of the U. S. in Union County, Ga. for lands within the Chattahoochee National Forest, Ga. (H. Rept. 2465).
H. R. 11873, without amendment, to decrease the Congressional review period of projects under the Watershed Protection and Flood Prevention Act from 45 days to 15 days. (H. Rept. 2470).
S. 1915, with amendment, to permit the exchange of employees of the USDA and employees of State-local political subdivisions and educational institutions (H. Rept. 2471).
H. R. 11375, without amendment, to further extend the special school milk program to certain institutions for the care and training of children, whether or not underprivileged (H. Rept. 2472).
S. 1618, without amendment, to remove the criminal penalty for inadvertent violations of the Federal Seed Act and to prescribe civil penalties for such violations of the Act (H. Rept. 2473).
H. R. 9333, with amendment, to give to certain consuming processors of cotton the privilege of buying cotton futures contracts in certain cases (H. Rept. 2478).

17. RECLAMATION; ELECTRIFICATION. The Interior and Insular Affairs Committee ordered reported H. R. 4719, to authorize the construction, operation, and maintenance of the Hells Canyon Dam on the Snake River between Idaho and Oregon. p. D686

18. TRANSPORTATION. The Transportation and Communications Subcommittee of the Interstate and Foreign Commerce Committee ordered reported to the full committee H. R. 525, which would amend Sec. 22 of the Interstate Commerce Act by eliminating authorization for handling property free or at reduced rates for the U. S. and transporting persons for the U. S. Government free or at reduced rates. p. D686

19. MARKETING. The "Daily Digest" states that the Rules Committee granted a rule for the consideration of H. R. 4054, to provide a system of mortgage insurance to municipal and other political subdivisions of the States, to be administered by the USDA, for the expansion of public marketing of perishable commodities. p. D688

20. COMMODITY CREDIT CORPORATION. The "Daily Digest" states that the Rules Committee granted a rule for the consideration of H. R. 11132, to increase the borrowing authority of CCC. p. D688

21. LABOR STANDARDS. The Education and Labor Committee reported without amendment H. R. 11799, amending the Fair Labor Standards Act relative to minimum wages in the Samoa, Wake and Guam islands (H. Rept. 2469). p. 9975

ITEMS IN APPENDIX

22. BUDGET; EXPENDITURES. Rep. Hoffman stated that he had always endeavored to bring about greater efficiency and economy in the Government's activities "But that we will never get lower taxes, a balanced budget, until the people accept a share of the responsibility for Federal expenditures." p. A5026

23. RESEARCH; FRUITS. Rep. Vursell inserted a radio broadcast he recently made pointing out the benefits that have been brought to the orangegrowers of the State of Florida, as the result of the work of research scientists in this Department. p. A5027

24. WATER POLLUTION. Rep. Burnside inserted a newspaper article in support of H. R. 9540, to extend and strengthen the Water Pollution Control Act. p. A5028

25. FOREIGN AID. Rep. Bentley inserted a newspaper article, "Foreign Aid's Failures Prove Cut Long Overdue." p. A5044

26. DISTRESSED AREAS. Rep. Price inserted an editorial commending Sen. Douglas and Rep. Gray for their support of the bill which would establish an Area Development Administration to assist distressed areas. p. A5047

BILLS INTRODUCED

27. CONTRACTS. H. R. 11947, by Rep. Cooper and H. R. 11948, by Rep. Reed, to extend and amend the Renegotiation Act of 1951; to Ways and Means Committee.

28. LANDS. H. R. 11950, by Rep. Dawson (by request), to provide for the adjustment of the legislative jurisdiction exercised by the United States over land in the several States used for Federal purposes; to Government Operations Committee.

29. SOIL BANK. H. R. 11958, by Rep. Poage, to amend the acreage reserve provisions of the Soil Bank Act to permit inclusion of acreage up to 30 days prior to harvest; to Agriculture Committee.

30. WATER. H. R. 11962, by Rep. Steed, to provide for Federal participation and cooperation with States and local interests in developing water supplies for domestic, municipal, industrial, and other purposes; to Public Works Committee.

31. FLAGS. H. R. 11963, by Rep. Tumulty, to amend the law in force with respect to the display and use of the flag of the United States, and for other purposes; to Judiciary Committee.

32. PROPERTY. H. R. 11970, by Rep. Willis, to amend the Internal Revenue Act of 1954 relative to nonrecognition of gain from involuntary conversion of certain real property used for agricultural purposes; to Ways and Means Committee.

PRINTED HEARINGS RECEIVED IN THIS OFFICE

33. COMMODITY EXCHANGES. Futures Trading. Part II. Onions. House Agriculture Committee.

34. FARM PROGRAM. General Farm Legislation. Part II. House Agriculture Committee.

84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2486

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

JUNE 26, 1956.—Ordered to be printed

Mr. SPENCE, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 9852]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 6, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows:

In the sixth line of the matter proposed to be inserted by the Senate amendment, strike out "promote" and insert *encourage*; and the Senate agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
By HENRY O. TALLE,
RALPH A. GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

J. W. FULBRIGHT,
WILLIS ROBERTSON,
By F. W. F.
JOHN SPARKMAN,
J. ALLEN FREAR, Jr.,
JOHN W. BRICKER,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

EXECUTIVE RESERVE

Amendments Nos. 1 and 2: Section 3 of the House bill provided that before a person in private life may be designated as a member of the Executive Reserve he must comply with certain requirements which now apply to persons appointed to serve without compensation under the Defense Production Act. The main effect of this provision would have been to require persons designated as members of the Executive Reserve to file in the Federal Register statements of their financial interests at the time they are designated. The Senate amendments struck this provision from the bill. The Senate conferees pointed out that after this provision had been inserted in the House bill the Senate Banking and Currency Committee received extensive testimony to the effect that this amendment would hamper recruitment of Executive Reserves to the point where it would render this program virtually inoperative. After weighing the advantages and disadvantages of this provision of the House bill the conferees decided that rather than risk disruption of the Executive Reserve program this provision should be eliminated from the bill.

NICKEL SURVEY

Amendment No. 3: Under the House bill, the Secretary of Commerce was required to file an interim report on the nickel survey (discussed under amendment No. 5, below) by July 15, 1956, followed by a full report by December 31, 1956. Because of the lapse of time since the passage of the House bill, there is not sufficient time to prepare and file an interim report by July 15, 1956. Accordingly, the conferees have agreed to the Senate amendment which postponed the date of the interim report to August 15, 1956.

DISPERSAL OF INDUSTRIAL FACILITIES

Amendment No. 4: This amendment added to the House bill a new provision amending the Defense Production Act so as to declare that it is the policy of Congress to encourage geographical dispersal of industrial facilities and to provide that the Government, in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle when practicable and consistent with existing law and the desirability of maintaining a sound economy, where such dispersal is in the interest

of national defense. The conferees have agreed to include this provision in the bill.

The amendment is designed to give an expression of congressional support and approval of the dispersal policies which the Office of Defense Mobilization and the Department of Defense have already adopted, and are carrying out. The amendment does not apply the principle of dispersal to existing plants. It does not require replacing existing industries. And it does not mean that geographical dispersal is the only, or in some cases even the principal, factor to be considered. The amendment calls for the application of the principle of geographical dispersal of industrial facilities, under the coordination of the Office of Defense Mobilization, (1) when practicable, (2) when consistent with existing law, and (3) when consistent with the desirability of maintaining a sound economy. Full recognition can and should be given under this provision to the many other factors entering into the location of industrial plants, such as access to raw materials, power, labor, and transportation.

ALLOCATIONS IN THE CIVILIAN MARKET

Amendment No. 5: This amendment added to the House bill a new provision amending section 701 (c) of the Defense Production Act which related to allocations in the civilian market. This provision was primarily directed to the difficulties that have been experienced by civilian users of nickel, particularly small-business users, in obtaining an equitable share of the civilian supply. The conferees recognize the seriousness of this situation, and are concerned over shortcomings in the present system of distributing nickel. The bill, as agreed to in conference, does not contain the Senate provision in view of the fact that the bill contains another amendment to the Defense Production Act, directing the Secretary of Commerce, in consultation with the Joint Committee on Defense Production, to make a special study of the nickel situation. This study will include, among other factors, allocation and distribution of nickel, the various uses of nickel, and resale of nickel as scrap. An interim report of the results of the study is to be made by August 15, 1956, and a final report is to be made by December 31, 1956. This report is to be made to the Senate and the House and is to include such recommendations as the Secretary of Commerce deems advisable. The final report will be made just before the next Congress convenes. This will enable the Congress to take such action as it may deem advisable with respect to the nickel situation. It should be emphasized that the existing provisions of the Defense Production Act give the President ample authority to impose allocation controls on either a general or selective basis where appropriate to alleviate this problem.

PAYMENT OF EXPENSES OF JOINT COMMITTEE

Amendment No. 6: Section 712 (e) of the Defense Production Act provides that the expenses of the Joint Committee on Defense Production shall be paid half from the contingent fund of the Senate and half from the contingent fund of the House of Representatives. Under this provision the House disbursing officer makes all the payments for committee expenses and every 6 months is reimbursed by

the Senate disbursing officer for half the payments to date. In order to eliminate this unnecessary bookeeping and to be consistent with the general practice followed with respect to joint committees the conferees adopted the Senate amendment providing for payment of all the expenses of this committee from the House contingent fund.

BRENT SPENCE,
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HENRY O. TALLE,
Managers on the Part of the House.

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that such impairment will continue throughout the life of the disabled person. A person shall be deemed to be permanently and totally disabled upon reaching the age of 65 years. In addition to the criteria established in the preceding two sentences, the Administrator of Veterans' Affairs may classify, as permanently and totally disabling, those diseases and disorders which in his judgment are such as to justify such a classification.

"(f) Pension shall be paid under this part at the rate of $85 per month, except that—

"(1) when the disability of the eligible person has been rated as permanent and total for an aggregate of 10 years, or when he has reached the age of 65 years, such pension shall be paid at the rate of $105 monthly;

"(2) when the eligible person becomes, on account of age or physical or mental disabilities, helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person, such pension shall be paid at the rate of $150 per month."

Mr. TEAGUE of Texas. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7886) to amend part III of Veterans Regulation No. 1 (a) to liberalize the basis for, and increase the monthly rates of, disability pension awards, had come to no resolution thereon.

(Mr. TEAGUE of Texas asked and was given permission to revise and extend the remarks he made in Committee and to include charts and tables.)

GENERAL LEAVE TO EXTEND REMARKS

Mr. TEAGUE of Texas. Mr. Chairman, I ask unanimous consent that all Members may have 3 legislative days in which to extend their remarks in the RECORD on H. R. 7886.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. EDMONDSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. EDMONDSON. Will the first order of business tomorrow, in connection with H. R. 7886, be amendments to the first section of the bill?

The SPEAKER. Well, the Chair does not have any knowledge of what might happen in the Committee of the Whole or what amendments might be offered. Generally, under the rules of the House, when a section of the bill is read, it is open to amendment.

Mr. EDMONDSON. I thank the Chair.

DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. RABAUT. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file a conference report on the bill (H. R. 10003) making appropriations for the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1957, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. REPT. No. 2484)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10003) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District, for the fiscal year ending June 30, 1957, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 6, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, and 23, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,813,950"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed by said amendment insert "$32,515,750"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7 and 16.

LOUIS C. RABAUT,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
CLARENCE CANNON,
EARL WILSON,
BENJ. F. JAMES,
JOHN TABER,
Managers on the Part of the House.

JOHN STENNIS,
JOHN L. MCCLELLAN,
LYNDON B. JOHNSON,
ALAN BIBLE,
J. ALLEN FREAR, JR.,
EVERETT M. DIRKSEN,
MILTON R. YOUNG,
J. GLENN BEALL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10003) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1957, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

FEDERAL PAYMENT TO DISTRICT OF COLUMBIA

Amendment No. 1: Appropriates $1,813,950 to the water fund instead of $1,613,950 as proposed by the House and $1,963,950 as proposed by the Senate. The conference committee has reduced the amount contained in the Senate approved bill from $350,000 to $200,000 as a Federal contribution toward the construction of a fishway on the proposed Little Falls Dam. The conference committee strongly believes that a fishway should be constructed and urges the Corps of Engineers to make immediate provisions for the inclusion of this conservation feature on the dam. It is the opinion of the committee that any funds in excess of the Federal contribution of $200,000 to construct a fishway in accordance with United States Fish and Wildlife Service criteria should come from the District of Columbia water funds as previously authorized and appropriated.

OPERATING EXPENSES

Amendment No. 2—Department of General Administration: Appropriates $3,475,000 as proposed by the Senate instead of $3,425,000 as proposed by the House.

Amendment No. 3—Regulatory agencies: Appropriates $1,058,440 as proposed by the Senate instead of $1,053,000 as proposed by the House.

Amendments Nos. 4 and 5—Public schools: Appropriate $32,515,750 instead of $32,130,800 as proposed by the House and $32,590,750 as proposed by the Senate; and delete language proposed by the Senate authorizing the transfer of $500,000 from the motor-vehicle parking fund to the general fund. The committee of conference is agreed that, in lieu of the $75,000 proposed by the Senate for a citywide school census, funds shall be made available for spot check censuses of schoolchildren in the budgeted amount of $3,256, and the public-school system is directed to furnish upon request of the Committees on Appropriations of the Congress such information as may be available from existing school records. The committee of conference, in deleting the Senate proposal to transfer funds from the motor-vehicle parking fund to the general fund, has taken cognizance of the Washington regional mass transportation survey presently being made. It has also noted the large balance of funds accumulating in the motor-vehicle parking fund and suggests that the Commissioners begin planning for the immediate and proper utilization of the funds in accordance with the objectives of the act creating the fund.

Amendment No. 6—Recreation Department: Appropriates $1,903,000 as proposed by the Senate instead of $1,892,500 as proposed by the House.

Amendment No. 7—Department of Public Health: Reported in disagreement.

Amendment No. 8—Department of Public Health: Appropriates $25,503,400 as proposed by the Senate instead of $25,434,000 as proposed by the House.

Amendment No. 9—Office of Surveyor: Appropriates $170,000 as proposed by the Senate instead of $164,000 as proposed by the House.

Amendment No. 10—Department of Licenses and Inspections: Appropriates $1,658,000 as proposed by the Senate instead of $1,640,000 as proposed by the House.

Amendments Nos. 11 and 12—Department of Highways: Appropriate $6,535,000 as proposed by the Senate instead of $6,485,000 as proposed by the House; and provide that of the sum appropriated $3,966,235 shall be derived from the highway fund as proposed by the Senate instead of $3,934,304 as proposed by the House.

Amendment No. 13—Department of Vehicles and Traffic: Appropriates $1,303,000 as proposed by the Senate instead of $1,291,000 as proposed by the House.

Amendment No. 14—Department of Sanitary Engineer: Appropriates $10,896,200 as proposed by the Senate instead of $10,846,000 as proposed by the House.

Amendment No. 15—National Guard: Appropriates $136,500 as proposed by the Senate instead of $128,500 as proposed by the House.

CAPITAL OUTLAY

Amendment No. 16—Public building construction: Reported in disagreement.

Amendment No. 17—Public building construction: Provides $348,900 for purchase of equipment for new school buildings as proposed by the Senate instead of $270,400 as proposed by the House.

Amendments Nos. 18 and 19—Public building construction: Appropriate $6,221,700 as proposed by the Senate instead of $5,200,000 as proposed by the House; and provide that of the sum appropriated $3,160,700 shall not become available for expenditure until July 1, 1957, as proposed by the Senate instead of $2,960,700 as proposed by the House.

Amendments Nos. 20 and 21—Department of Highways: Appropriate $14,528,000 as proposed by the Senate instead of $14,400,000 as proposed by the House; and provide that of the sum appropriated $14,128,000 shall be derived from the highway fund as proposed by the Senate instead of $14 million as proposed by the House.

GENERAL PROVISIONS

Amendment No. 22: Deletes language proposed by the House limiting the expenditure of funds for allowances for privately owned automobiles used for the performance of official duties.

Amendment No. 23: Provides that the total expenditures for the payment of dues and expenses of attendance at meetings of organizations shall not exceed $25,000 as proposed by the Senate instead of $20,000 as proposed by the House.

LOUIS C. RABAUT,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
CLARENCE CANNON,
EARL WILSON,
BENJAMIN F. JAMES,
JOHN TABER,
Managers on the Part of the House.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. McBride, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10660) entitled "An act to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to amend the Internal Revenue Code of 1954 to provide additional revenue from the taxes on motor fuel, tires, and trucks and buses; and for other purposes."

FILING OF CONFERENCE REPORTS

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that the managers on the part of the House may have until midnight tonight to file reports on H. R. 9052 and H. R. 9852.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

EXTENSION OF EXPORT CONTROL ACT OF 1949

Mr. SPENCE submitted the following conference report and statement:

CONFERENCE REPORT (H. REPT. No. 2485)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9052) to amend the Export Control Act of 1949 to continue for an additional period of two years the authority provided thereunder for the regulation of exports, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 1.

That the House recede from its disagreement to the amendment of the Senate numbered 2 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"The Secretary may contract with any private organization for the collection of information necessary to such survey, but any conclusions or recommendations in any report to the Congress under this section shall be made by a full-time officer or employee of the Department of Commerce, and no person employed under section 710 (b) of the Defense Production Act of 1950, as amended, shall in any manner participate in such survey."

And the Senate agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
by HENRY O. TALLE,
RALPH A. GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

J. W. FULBRIGHT,
WILLIS ROBERTSON,
by J. W. FULBRIGHT,
JOHN SPARKMAN,
J. ALLEN FREAR, JR.,
JOHN W. BRICKER,
WALLACE F. BENNETT,
PRESCOTT BUSH,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9052) to amend the Export Control Act of 1949 to continue for an additional period of two years the authority provided thereunder for the regulation of exports, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Section 2 of the House bill directed the Secretary of Commerce to make a complete survey of the iron and steel scrap available and potentially available, and to file with the Congress an interim report within three months and a final report by January 31, 1957. This section of the House bill also required that the survey be made by full-time employees of the Department of Commerce, although the Department would be authorized in making the survey to call upon other Federal departments for any information available to them.

Senate amendment No. 1 provided that the survey should be made by the Bureau of Mines rather than by the Secretary of Commerce. Senate amendment No. 2 deleted the requirement that the survey be made by full-time Federal employees and substituted language providing that, while the survey would be made under the authority and direction of the Bureau of Mines, the Bureau could make use of such assistance in making the survey as the Director of the Bureau deemed desirable.

The Senate recedes from its amendment No. 1, and the House recedes from its disagreement to Senate amendment No. 2 with an amendment which is in effect a substitute for both the House and Senate language dealing with the manner in which the survey is to be conducted. Under the actions thus taken by the conferees, the survey would be made by the Secretary of Commerce and any conclusions or recommendations reported to the Congress would have to be made by a full-time officer or employee of the Department of Commerce, but the Secretary could contract with private organizations for the collection of information necessary to the survey. A further provision in the language agreed upon by the conferees would specifically prohibit any person who is employed without compensation under section 710 (b) of the Defense Production Act from participating in the survey in any manner whatsoever.

It is of the utmost importance that the survey be completely fair and objective. Accordingly, the Secretary of Commerce must exercise the greatest caution to insure that any research organization selected to assist in the survey shall be completely impartial and unprejudiced.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
By HENRY O. TALLE,
RALPH A. GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE submitted the following report and statement:

CONFERENCE REPORT (H. REPT. No. 2486)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 5.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 6, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 4 and agree to the same with an amendment as follows: In the sixth line of the matter proposed to be inserted by the Senate amendment, strike out "promote" and insert "encourage"; and the Senate agree to the same.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
by HENRY O. TALLE,
RALPH A. GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

J. W. FULBRIGHT,
WILLIS ROBERTSON,
by J. W. FULBRIGHT,
JOHN SPARKMAN,
J. ALLEN FREAR, Jr.,
JOHN W. BRICKER,
WALLACE F. BENNETT,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

EXECUTIVE RESERVE

Amendments Nos. 1 and 2: Section 3 of the House bill provided that before a person in private life may be designated as a member of the Executive Reserve he must comply with certain requirements which now apply to persons appointed to serve without compensation under the Defense Production Act. The main effect of this provision would have been to require persons designated as members of the Executive Reserve to file in the Federal Register statements of their financial interests at the time they are designated. The Senate amendments struck this provision from the bill. The Senate conferees pointed out that after this provision had been inserted in the House bill the Senate Banking and Currency Committee received extensive testimony to the effect that this amendment would hamper recruitment of Executive Reserves to the point where it would render this program virtually inoperative. After weighing the advantages and disadvantages of this provision of the House bill the conferees decided that rather than risk disruption of the Executive Reserve program this provision should be eliminated from the bill.

NICKEL SURVEY

Amendment No. 3: Under the House bill, the Secretary of Commerce was required to file an interim report on the nickel survey (discussed under Amendment No. 5, below) by July 15, 1956, followed by a full report by December 31, 1956. Because of the lapse of time since the passage of the House bill, there is not sufficient time to prepare and file an interim report by July 15, 1956. Accordingly, the conferees have agreed to the Senate amendment which postponed the date of the interim report to August 15, 1956.

DISPERSAL OF INDUSTRIAL FACILITIES

Amendment No. 4: This amendment added to the House bill a new provision amending the Defense Production Act so as to declare that it is the policy of Congress to encourage geographical dispersal of industrial facilities, and to provide that the Government, in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle when practicable and consistent with existing law and the desirability of maintaining a sound economy, where such dispersal is in the interest of national defense. The conferees have agreed to include this provision in the bill.

The amendment is designed to give an expression of congressional support and approval of the dispersal policies which the Office of Defense Mobilization and the Department of Defense have already adopted, and are carrying out. The amendment does not apply the principle of dispersal to existing plants. It does not require replacing existing industries. And it does not mean that geographical dispersal is the only, or in some cases even the principal, factor to be considered. The amendment calls for the application of the principle of geographical dispersal of industrial facilities, under the coordination of the Office of Defense Mobilization, (1) when practicable, (2) when consistent with existing law, and (3) when consistent with the desirability of maintaining a sound economy. Full recognition can and should be given under this provision to the many other factors entering into the location of industrial plants, such as access to raw materials, power, labor, and transportation.

ALLOCATIONS IN THE CIVILIAN MARKET

Amendment No. 5: This amendment added to the House bill a new provision amending section 701 (c) of the Defense Production Act which related to allocations in the civilian market. This provision was primarily directed to the difficulties that have been experienced by civilian users of nickel, particularly small-business users, in obtaining an equitable share of the civilian supply. The conferees recognize the seriousness of this situation, and are concerned over shortcomings in the present system of distributing nickel. The bill, as agreed to in conference, does not contain the Senate provision in view of the fact that the bill contains another amendment to the Defense Production Act, directing the Secretary of Commerce, in consultation with the Joint Committee on Defense Production, to make a special study of the nickel situation. This study will include, among other factors, allocation and distribution of nickel, the various uses of nickel, and resale of nickel as scrap. An interim report of the results of the study is to be made by August 15, 1956, and a final report is to be made by December 31, 1956. This report is to be made to the Senate and the House and is to include such recommendations as the Secretary of Commerce deems advisable. The final report will be made just before the next Congress convenes. This will enable the Congress to take such action as it may deem advisable with respect to the nickel situation. It should be emphasized that the existing provisions of the Defense Production Act give the President ample authority to impose allocation controls on either a general or selective basis where appropriate to alleviate this problem.

PAYMENT OF EXPENSES OF JOINT COMMITTEE

Amendment No. 6: Section 712 (e) of the Defense Production Act provides that the expenses of the Joint Committee on Defense Production shall be paid half from the contingent fund of the Senate and half from the contingent fund of the House of Representatives. Under this provision the House disbursing officer makes all the payments for committee expenses and every 6 months is reimbursed by the Senate disbursing officer for half the payments to date. In order to eliminate this unnecessary bookkeeping and to be consistent with the general practice followed with respect to joint committees the conferees adopted the Senate amendment providing for payment of all the expenses of this committee from the House contingent fund.

BRENT SPENCE,
PAUL BROWN,
WRIGHT PATMAN,
ALBERT RAINS,
JESSE P. WOLCOTT,
by HENRY O. TALLE,
RALPH A. GAMBLE,
HENRY O. TALLE,
Managers on the Part of the House.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. FLYNT. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report on H. R. 10624.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

UNCLE SAM SELLS SONS OBSCENITY—JAPAN, KOREA PX RACKS OFFERING FILTH TO GI's

The SPEAKER. Under previous order of the House, the gentleman from Ohio [Mr. FEIGHAN] is recognized for 10 minutes.

(Mr. FEIGHAN asked and was given permission to revise and extend his remarks.)

Mr. FEIGHAN. Mr. Speaker, some shocking reports have bene received from Japan and Korea concerning the peddling of pornographic magazines to American servicemen stationed in those countries. It is all the more shocking to learn that these pornographic magazines are being sold at Post Exchanges operated by the United States Armed Forces in those countries.

The chaplains of the various faiths have been fighting a great battle to maintain moral standards among the personnel of our Armed Forces stationed overseas. They know well of the many dangers and temptations that beset our Armed Service personnel stationed overseas and what it will mean to our Nation if me fail to maintain the highest moral standards among the cream of our youth who are defending the cause of freedom in many parts of the world.

But these chaplains see much of the results of their good work undone by the magazine racks of the American post exchanges which peddle literature calculated to incite those who read it to violate the principles of decency without which our Armed Forces will become little more than pagan occupiers.

This a matter of grave concern to the parents and loved ones of the men and women in our Armed Forces stationed overseas. Many of them have written to me expressing not only their shock at the state of affairs permitted by the Department of Defense, which has jurisdiction over post exchanges, but also a state of grave worry that all the years of training their children to be good Americans, guided by those moral principles to which all the religions of the world adhere, might be turned into a complete loss. All clear thinking people are compelled to demand action against the peddling of pornographic magazines to American Armed Service personnel station in Japan and Korea an delsewhere in the world.

The responsible officials in the Department of Defense should constantly be on the alert to prevent the desruction of the morals of our Armed Forces and the loss of prestige we, as Americans, suffer in foreign lands by allowing the sale or otherwise distribution of indecent pornographic magazines or other forms of indecent literature.

I have taken up this matter with the Department of Defense and have conferred with Brig. Gen. Clarence J. Hauck, Jr. I have been assured that the Department is making an investigation of this matter and wherever pornographic literature is sold or distributed to our PX's, it will be stopped immediately. General Hauck assured me that the sale of such pornographic literature is against the policy of the Department of Defense.

Mr. Speaker, a very significant feature article appeared in the Catholic Universe Bulletin of Cleveland on June 15, 1956, which merits the careful attention of every Member of Congress. I include the article in the RECORD:

UNCLE SAM SELLS SONS OBSCENITY—JAPAN, KOREA PX RACKS OFFERING FILTH TO GIs

(By Father Patrick O'Connor)

Post exchanges (retail stores operated by United States Armed Forces) are peddling

pornographic magazines to American servicemen in Japan and Korea.

From the magazine racks of the offending post exchanges, bawdy pictures and suggestive titles leer up at the soldier or airman customer.

He may have just attended a character guidance lecture given by his chaplain. Now he finds a Government agency trying to sell him literature that incites him to violate the principles of decency that the chaplain upholds.

Here are the titles of some feature articles heralded on magazine covers displayed recently in some post exchanges in Japan and Korea:

"Driven by Wild Desires," "My Evil Love," "Wife Without Honor—The Stark Confession of a Woman Who Was Brutally Assaulted," "Wicked Lover, Innocent Girl," "They Take the Wraps Off Sex Deviation," "What's Behind the Shocking Rise in Female Sex Crimes?" "The Shocking Murder of the Dismembered Blonde," "Billion Dollar Business in Sex Appeal."

There was one article with a title too grossly pornographic to quote in any decent newspaper.

Alongside the publications with the suggestively-titled articles you sometimes see photography magazines that are only thinly veiled essays in pictorial pornography.

Of course, the post exchanges also sell reputable magazines. Along with lurid pocket books, they offer a good selection of worthwhile reprints. Why they haul tons of printed filth across the Pacific to display beside clean wares is hard to understand.

Those in charge of post exchanges cannot plead that they have to meet competition. They have a monopoly. They are, or should be, under no compulsion even to make profits.

If they plead the excuse of customer demand, they can be challenged to prove a demand by any large segment of their customers.

In any event, customer demand does not justify selling anything. If it did, one might find the post exchanges selling narcotics or unlimited gallons of liquor.

The morbid, erotic publications, sold publicly by an agency of the United States Government, lower American prestige abroad while doing moral harm to individuals.

They can be bought only by American military personnel, their dependants and civilians working for the United States Government. But Japanese and Korean youths and girls, sales clerks in the post exchange, must handle and sell these magazines. Japanese and Koreans domestics see them lying around in billets.

Most of the copies sold find their way ultimately into Japanese and Korean hands. Many of these Orientals, constantly scrutinizing Americans, read English. The purport of the illustrations in the magazines can escape nobody.

Like the immodest pinups permitted by some commanders in offices and clubs, smutty magazines sold in the post exchanges seem to have official approval. They are therefore all the more damaging to prestige.

The SPEAKER. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 5 minutes.

(Mrs. ROGERS of Massachusetts asked and was given permission to revise and extend her remarks and to include statistics and extraneous matter.)

[Mrs. ROGERS of Massachusetts addressed the House. Her remarks will appear hereafter in the Appendix.]

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. FEIGHAN, for 10 minutes today and to revise and extend his remarks.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. CELLER in three instances and to include extraneous matter.

Mr. LANKFORD.

Mr. HUDDLESTON and to include an editorial.

Mr. ZABLOCKI in two instances and to include extraneous matter.

Mr. MORANO and to include an editorial appearing in the Bridgeport Post.

Mr. SCOTT in two instances and to include extraneous matter.

Mr. DAGUE and to include an editorial.

Mr. BENTLEY in two insttances and to include newspaper articles.

Mr. FRELINGHUYSEN and to include extraneous matter.

Mr. JACKSON and to include a speech.

Mr. HOSMER in three instances and to include extraneous matter.

Mr. WHARTON in three instances and to include editorials.

Mr. JENKINS in three instances and to include extraneous matter.

Mr. MCCORMACK and to include an address by Gen. Carlos Romulo.

Mr. MULTER in three instances and to include extraneous matter.

Mr. KLEIN in four instances and to include extraneous matter.

Mr. DAWSON of Utah (at the request of Mr. MARTIN) and to include extraneous matter.

Mr. HILLINGS (at the request of Mr. MARTIN) and to include extraneous matter.

Mr. VELDE (at the request of Mr. MARTIN) and to include extraneous matter.

Mr. LANHAM and to include extraneous matter.

Mr. ROOSEVELT and to include the text of a bill.

Mr. MCINTIRE and to include extraneous matter.

ENROLLED BILLS SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 3693. An act to amend title IX of the District of Columbia Revenue Act of 1937, as amended;

H. R. 6782. An act to amend section 7 of "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," July 1, 1902, as amended;

H. R. 7227. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the disposal of surplus property for civil defense purposes, and for other purposes;

H. R. 8634. An act to authorize the conveyance of a certain tract of land in North Carolina to the city of Charlotte, N. C.; and

H. R. 10660. An act to amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to amend the Internal Revenue Code of 1954 to provide additional revenue from the taxes on motor fuel, tires, and trucks and buses; and for other purposes.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 3295. An act to amend the act of April 28, 1953, relating to daylight-saving time in the District of Columbia; and

S. 3663. An act to exempt from taxation certain property of the Columbia Historical Society in the District of Columbia.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 101. An act relating to the administration by the Secretary of the Interior of section 9, subsections (d) and (e), of the Reclamation Project Act of 1939;

H. R. 3693. An act to amend title IX of the District of Columbia Revenue Act of 1937, as amended;

H. R. 5590. An act to amend the act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever," approved February 28, 1929, by including therein the name of Gustaf E. Lambert;

H. R. 5790. An act relating to the application in the Territory of Hawaii of the Federal Aid in Wildlife Restoration Act and the Federal Aid in Fish Restoration Act;

H. R. 7227. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the disposal of surplus property for civil-defense purposes, and for other purposes;

H. R. 8493. An act to exempt from taxation certain property of the General Federation of Women's Clubs, Inc., in the District of Columbia;

H. R. 8634. An act to authorize the conveyance of a certain tract of land in North Carolina to the city of Charlotte, N. C.;

H. R. 9582. An act to provide for the delayed reporting of births within the District of Columbia;

H. R. 9671. An act to provide for the conveyance of certain property of the United States to the village of Carey, Ohio;

H. R. 10374. An act to amend the act to incorporate the Oak Hill Cemetery, in the District of Columbia;

H. R. 10768. An act to amend section 5 of the act of August 7, 1946, entitled "An act for the retirement of public-school teachers in the District of Columbia," as amended; and

H. R. 11473. An act making appropriations for the Legislative Branch for the fiscal year ending June 30, 1957, and for other purposes.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

17. EXPORT CONTROLS. Agreed to the conference report on H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. 10031

18. DEFENSE PRODUCTION. Agreed to the conference report on H. R. 9852, to extend the Defense Production Act of 1950. p. 10031

19. MINING CLAIMS. Passed as reported S. 3773, to provide for an extension of time during which annual assessment work on unpatented mining claims may be made. p. 10032

20. LEGISLATIVE PROGRAM. Sen. Johnson announced that the following bills will be considered during the next week: S. 3820, increasing CCC borrowing authority; S. 3903, to increase P. L. 480 authorizations; H. R. 10285, the farm credit bill; S. 3743, to transfer forest lands to Lassen Volcanic National Park; and S. 1333, the Hells Canyon Dam project. p. 10033

ITEMS IN APPENDIX

21. ELECTRIFICATION. Rep. Hosmer inserted a report, "Politics In Hells Canyon And What It May Cost American Taxpayers," and stated that "the report discusses not only the politics currently embroiled in the issue, but accurately shows what the cost of the project would be to taxpayers of each of the States." p. A5053

Rep. Miller, N. Y., inserted an editorial and a newspaper article giving an analysis of the Niagara power development question. p. A5067

22. FOREIGN AID. Rep. Fernandez inserted Ambassador of India Mehta's address, "Place of Technical Cooperation in Economic Development." p. A5063

23. WATER RESOURCES. Rep. Hosmer inserted a magazine article describing how California "...is handling their local (water) problems at the local level, instead of running to Washington for aid..." p. A5065

24. POULTRY INSPECTION. Extension of remarks of Rep. Dodd urging compulsory inspection, stating that present laws governing the sale of poultry in interstate commerce are completely inadequate, and that the problem is of direct concern to poultry farmers, workers, and consumers. p. A5078

25. FOREIGN TRADE. Rep. Simpson inserted an analysis of the constitutionality of OTC. p. A5087

26. FOOD AND DRUG. Sen. Hill inserted Dr. Dwight Murray's recent address before a meeting commemorating the 50th anniversary of food, drug, and meat inspection laws, "The AMA and FDA: A Story of Cooperation." p. A5092

27. FARM PROGRAM. Rep. Holtzman inserted a Democratic Digest article and stated that "it contains an excellent and scholarly summation of the fundamental differences which exist between the Democratic and Republican Parties", including programs on taxation, social security, small business, and various farm programs. p. A5096

BILLS INTRODUCED

28. LIVESTOCK AND MEATS. S. 4135, by Sen. Mundt (for himself, Sen. Schoeppel, and Sen. Eastland), a bill amending the Packers and Stockyards Act, 1921, to permit deductions for a self-help beef promotion program; to Agriculture and Forestry Committee.

29. PERSONNEL. H. R. 12000, by Rep. Rees, a bill relating to the transfer of Federal employees from the classified civil service to another personnel merit system; to Post Office and Civil Service Committee.

H. R. 12001, by Rep. Rees, a bill relating to the simplification of the General Schedule of the Classification Act of 1949, as amended; to Post Office and Civil Service Committee

H. R. 12005, by Rep. Thompson, to provide for Government contribution toward personal health service benefits for civilian officers and employees in the Federal service, to authorize payroll deductions for participants; to Post Office and Civil Service Committee. Remarks of author, p. A5089

30. FARM LOANS. H. R. 11991, by Rep. Fascell, to amend section 500 of the Servicemen's Readjustment Act of 1944 to provide an additional period for World War II veterans to obtain guaranteed loans; to Veterans' Affairs Committee. Remarks of author, p. A5062

31. REPORTS; BUDGET. H. R. 12003, by Rep. Rees, to provide for comprehensive reports by the Bureau of the Budget with respect to all branches of the Government and the executive agencies thereof; to Government Operations Committee.

32. BUDGET; ACCOUNTING. H. R. 12004, by Rep. Rees, to improve governmental budgeting and accounting methods and procedures; to Government Operations Committee.

BILLS APPROVED BY THE PRESIDENT

33. INFORMATION. H. R. 10417, to provide statutory authority for the promulgation, filing, or publication of certain official documents, now required by law to be filed and published in the Federal Register, in the event of a determination by the President that an attack or threatened attack on the continental U. S., by air or otherwise, would make compliance impracticable or would fail to give the public appropriate notice of the contents of such documents. Approved June 25, 1956 (Public Law 619, 84th Congress).

PRINTED HEARINGS RECEIVED IN THIS OFFICE

34. APPROPRIATIONS. Supplemental appropriation bill, 1957. House Appropriations Committee.

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COMMITTEE HEARING ANNOUNCEMENTS:

June 28: Humane animal slaughter methods, S. Agriculture (exec).
Administration of farm programs by elected farmer Committeemen, S. Agriculture. (exec).
Investigation of meat packing industry, S. Judiciary.
Area redevelopment bill, S. Labor and Public Welfare (exec).
Rates charged public bodies for power generated at Federal projects, H. Interior.
Conformance with State fish and game laws on Government lands, H. Merchant Marine and Fisheries.
Retirement bill, H. Post Office and Civil Service.
Great Plains conservation program, H. Agriculture (Peterson to testify).

June 29: Making forest receipts available for State and local purposes in addition to schools and roads, H. Agriculture (Crafts, FS, to testify).

July 3: Watershed Act amendments, S. Public Works (Peterson to testify).

July 6: Capehart research bill, S. Agriculture (Peterson to testify).

cOo

Appropriation title	Appropriations, 1956	Estimates, 1957	House allowance	Senate allowance	Conference agreement
TITLE III—NATIONAL LABOR RELATIONS BOARD					
Salaries and expenses	$8,800,000	$10,215,000	$8,951,500	$9,101,500	$8,951,500
TITLE IV—NATIONAL MEDIATION BOARD					
Salaries and expenses	460,000	470,000	435,000	460,000	460,000
Arbitration and emergency boards	225,000	250,000	250,000	250,000	250,000
National Railroad Adjustment Board, salaries and expenses	502,000	525,000	502,000	502,000	502,000
Total, National Mediation Board	1,187,000	1,245,000	1,187,000	1,212,000	1,212,000
TITLE V—RAILROAD RETIREMENT BOARD					
Salaries and expenses (trust fund limitation)	[6,988,000]	[7,308,000]	[6,493,000]	[7,000,000]	[7,000,000]
Military service credits		1,711,000			
TITLE VI—FEDERAL MEDIATION AND CONCILIATION SERVICE					
Salaries and expenses	3,284,000	3,390,000	3,295,000	3,390,000	3,295,000
Boards of inquiry	10,000	10,000	10,000	10,000	10,000
Total, Federal Mediation and Conciliation Service	3,294,000	3,400,000	3,305,000	3,400,000	3,305,000
TITLE VII—INTERSTATE COMMISSION ON THE POTOMAC RIVER BASIN					
Federal contribution	5,000	5,000	5,000	5,000	5,000
TITLE VIII—SOLDIERS' HOME					
Maintenance and operation	[4,537,000]	[5,364,000]	[6,564,000]	[6,564,000]	[6,564,000]
Grand total, all titles of bill	2,532,101,200	2,363,885,400	2,296,981,781	2,372,023,281	2,366,380,781

EXTENSION OF EXPORT CONTROL ACT OF 1949—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9052) to amend the Export Control Act of 1949 to continue for an additional period of 2 years the authority provided thereunder for the regulation of exports. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 26, 1957, p. 9972, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. FULBRIGHT. Mr. President, the conferees on the Export Control Act extension have agreed to a provision concerning the required survey of iron and steel scrap, which, I think, meets the objectives of both Houses.

The House bill required the Secretary of Commerce to make this survey, and required that he use only full-time employees of the Department. The Senate amended this to direct the Bureau of Mines to make the survey, but placed no restriction on the use of outside research organizations.

Both of these provisions were designed to insure an impartial and objective survey. The provisions were considered necessary because it was felt, first, that the "without compensation" employees from the steel companies in the Business and Defense Services Administration could not properly be charged with responsibility for a survey of such direct interest to their private employers; and second, that there was a danger that some private research organization might be selected to assist in the survey which, by reason of work done for one of the parties to the controversy or positions already taken on the subject, might not be in a position to make an impartial and objective survey to serve as a basis for decisions by the Congress and the Secretary of Commerce.

The conference bill places the survey in the hands of the Secretary of Commerce, and it permits the use of private research organizations. It prohibits without compensation employees from participating in the survey in any manner. It was the understanding of the Senate conferees, and was emphasized in the statement of managers on the part of the House, that this prohibition is intended to be applied broadly. These industry-paid employees are not permitted to participate in the preparation, formulation, or scope of the survey, in the selection of any private research organization to assist, or in the formulation of the conclusions and recommendations drawn from the survey. The selection of a private research organization was left to the Secretary of Commerce—subject to the prohibition on the participation of without compensation employees in the decision—in the belief that it was appropriate to rely on his judgment for selection of an organization or organizations which would be impartial and unbiased. The Statement of the Managers on the Part of the House emphasizes this responsibility of the Secretary:

> It is of the utmost importance that the survey be completely fair and objective. Accordingly, the Secretary of Commerce must exercise the greatest caution to insure that any research organization selected to assist in the survey shall be completely impartial and unprejudiced.

The interim report of the Secretary of Commerce, and the final report, will be reviewed to determine whether he has carried out this responsibility to the full satisfaction of all interested parties. We cannot emphasize too strongly that this survey will be worse than a waste of money if its results and conclusions are not completely above reproach.

In my judgment, the conference bill will fully protect the public interest.

In view of expiration of the Export Control Act of 1949 on June 30, 1956, I urge that the Senate approve the conference report promptly.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950—CONFERENCE REPORT

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of June 26, 1956, p. 9972, CONGRESSIONAL RECORD.)

Mr. FULBRIGHT. Mr. President, the clerk made the statement that the conference report had been signed by all the conferees. I believe that one conferee on the part of the Senate did not sign the conference report.

Mr. ALLOTT. I ask the Senator which one.

Mr. FULBRIGHT. The Senator from Connecticut [Mr. BUSH] is the only one

who did not sign the conference report. I think that is correct.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. THYE. Mr. President——

Mr. ALLOTT. Mr. President——

Mr. JOHNSON of Texas. Mr. President, let me inquire whether the Senator from Arkansas has informed the minority leader of the taking up of the conference report.

Mr. FULBRIGHT. We informed the conferees yesterday that we would take it up as soon as possible, because the act will soon expire. However, if the Senator from Texas does not wish to have the conference report acted on at this time, that will be perfectly acceptable to me.

Mr. JOHNSON of Texas. I suggest that further consideration of the conference report be postponed until the distinguished minority leader, the Senator from California [Mr. KNOWLAND] can be notified.

Let me inquire whether all the conferees have signed the report.

Mr. FULBRIGHT. All, I believe, except the Senator from Connecticut [Mr. BUSH].

Mr. JOHNSON of Texas. Did the Senator from Connecticut indicate that he would oppose adoption of the conference report?

Mr. FULBRIGHT. He did not so suggest to me. However, it will be quite all right with me to defer the further consideration of the report.

Mr. JOHNSON of Texas. I understood there was complete agreement with everyone concerned. However, the minority leader did not inform me of that. Therefore, I suggest that the minority inform the Senator from Connecticut [Mr. BUSH] and the Senator from California [Mr. KNOWLAND], and that in the meantime we proceed to the consideration of other matters.

Mr. THYE. I thank the Senator.

Mr. FULBRIGHT. Let me say that in the Senate the two votes on the measure were overwhelming, and I really do not believe that the Senator from Connecticut intends to oppose the adoption of the conference report.

Mr. ALLOTT. Probably that is correct, Mr. President; but we shall appreciate it if further consideration of the report can be deferred until we are able to clear up this matter.

Mr. FULBRIGHT. That will be quite satisfactory.

Mr. FULBRIGHT subsequently said: Mr. President, let me say that I now understand that the conference report has been cleared with the leadership.

Mr. ALLOTT. Mr. President, it is satisfactory to the minority to have action taken on the conference report at this time.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate resumed the consideration of the report.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have inserted in the RECORD, as a part of my remarks, a statement with respect to the conference report on the Defense Production Act.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR FULBRIGHT

DEFENSE PRODUCTION ACT, H. R. 9852

The conferees on the Defense Production Act extension had five problems to consider.

Two technical amendments—the change of date for the interim report on the nickel survey to August 15 and the payment of expenses of the Joint Committee on Defense Production out of the House contingent fund—were accepted without question.

The House conferees accepted the Senate amendment eliminating the requirement that members of the executive reserve must file in the Federal Register statements of their financial interests. This result, in my judgment, will preserve the executive reserve program.

The House conferees also accepted the Bennett amendment relating to dispersal, with an amendment substituting the word "encourage" for the word "promote." The Senate conferees, supported by the two overwhelming rollcall votes of the Senate on this amendment, pressed this amendment most vigorously. It is, I think, no overstatement to say that this amendment was the subject of considerable discussion in the conference.

Also in disagreement was the amendment proposed in committee by the Senator from Oregon [Mr. MORSE] relating to allocations in the civilian market. The amendment was directed principally to the nickel situation.

The present system constitutes in fact an informal voluntary agreement between the Department of Commerce, the International Nickel Co., and the few other minor producers, and the distributors of nickel to platers and other small users. It is clear that International Nickel has agreed to carry on under the same arrangement which the old MPA had previously used. This is a very curious arrangement in which the Government through the Department of Commerce apparently concurs in the assignment by International Nickel Co. of a quota to each of its customers. On the one hand, the Government appears to lend its authority and approval to this arrangement; and, on the other, it assumes little or no responsibility for the consequences. It is my belief, and it was the will of the committee in the adoption of the Morse amendment, that if there are to be controls, they should be formal controls so that consumers, particularly small ones, would know the rules and have an orderly method of presenting their cases to their governmental representatives.

The present arrangement is not free competitive enterprise nor is it freedom from Government controls. Every nickel user in the country knows that he is subjected to controls by the International Nickel Co.

If such controls are necessary, they should be run in an open, public way by Government orders, printed in the Federal Register, so that all who are affected can know what is being done, with a formal procedure established for protests and appeals and with lawful penalties for violations.

Our committee's amendment was not mandatory in the sense that it required Government controls. However, it did require that the President take responsibility for a situation which is created by Government action, because of the fact that the Government is now taking approximately 40 percent of nickel production.

I regret that the House conferees did not accept our amendment. However, it was agreed by the conferees that the present situation is inadequate and unsatisfactory. I think this fact is clearly indicated in the statement of the managers on the part of the House, which appears at page 9972 of the CONGRESSIONAL RECORD of June 26. It was also made apparent by the fact that the bill, as agreed upon by the conferees, and in fact as passed by both Houses, includes provision that a special study of the nickel situation be undertaken by the Secretary of Commerce in consultation with the Joint Committee on Defense Production.

It is also made clear and it was agreed by the conferees that existing provisions of the Defense Production Act give the President ample authority to impose allocation controls on either a general or selective basis to alleviate this problem.

In my opinion the administration now has a positive duty to reexamine the present arrangement with the International Nickel Co. and to take full responsibility for the system now existing, or to revise it in a manner which will be more equitable and straightforward.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

EXTENSION OF TIME FOR ANNUAL ASSESSMENT WORK ON CERTAIN UNPATENTED MINING CLAIMS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 2386, Senate bill 3773.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The bill will be read by title, for the information of the Senate.

The CHIEF CLERK. A bill (S. 3773) to provide for an extension of the time during which annual assessment work on unpatented mining claims may be made, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, line 6, after the word "claim", to strike out "located and filed under the provisions" and insert "validated under section 2", so as to make the bill read:

Be it enacted, etc., That the time during which labor must be performed, or improvements made, pursuant to the provisions of section 2324 of the Revised Statutes of the United States (30 U. S. C. 28), on any unpatented mining claim validated under section 2 of the act of August 11, 1955 (Public Law 357, 84th Cong., 69 Stat. 679), for the period commencing July 1, 1955, is hereby extended until the hour of 12 o'clock meridian July 1, 1957.

Mr. CASE of South Dakota. Mr. President, action on the bill is urgent, in order that it may become law by the 1st of July, in order to correct a misunderstanding which arose as a result of a telegram sent by the Bureau of Land Management.

The bill was reported unanimously by the Committee on Interior and Insular Affairs. The bill has departmental approval, and it is very urgent that the bill

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 29, 1956
For actions of June 28, 1956
84th-2nd, No. 108

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HIGHLIGHTS: House agreed to conference reports on Export Control Act and Defense Production Act extensions. Ready for President. House received conference report on Defense Department appropriation bill. House committee reported bills to authorize Cache National Forest land purchases, and grant Congressional consent to Middle Atlantic forest fire protection compact. House committee reported fisheries bill. Senate debated mutual security bill. Senate passed military construction bill. Senate committee ordered area redevelopment bill reported.

HOUSE

1. EXPORT CONTROL. Agreed to the conference report on H. R. 9052, to extend the Export Control Act of 1949 for 2 years. p. 10081 This bill is now ready for the President.

2. DEFENSE PRODUCTION. Agreed to the conference report on H. R. 9852, to extend the Defense Production Act of 1950, by a vote of 200 to 197. pp. 10081, 10082, 10084. This bill is now ready for the President.

3. APPROPRIATIONS. Received the conference report on H. R. 10986, the Defense Department appropriation bill for 1957 (H. Rept. 2529). p. 10083

4. FORESTS. The Agriculture Committee reported the following bills: pp. 10113, 10114

H. R. 8898, with amendment, to provide an additional authorization of appropriations for the purchase by the USDA of lands in the Cache National Forest, Utah (H. Rept. 2504).

S. 3032, without amendment, to approve the Middle Atlantic Interstate Forest Fire Protection Compact (H. Rept. 2517).

Rep. Saylor was excused as a conferee and Rep. Pillion was appointed as a conferee on H. R. 6376, to provide for the hospitalization and care of the

mentally ill in Alaska, including a grant of not to exceed 1 million acres of public lands to assist in carrying out the program (includes lands eliminated from national forests). p. 10092

5. SCHOOL CONSTRUCTION. Began debate on H. R. 7535, to authorize Federal assistance to the States and local communities in financing an expanded program of school construction so as to eliminate the national shortage of classrooms. p. 10092

6. RESEARCH; ORGANIZATION. The Armed Services Committee reported with amendment H. R. 11575, to provide for an Assistant Secretary for Research and Development for each of the three military departments within the Defense Department (H. Rept. 2506). p. 10114

7. PERSONNEL. The Foreign Affairs Committee reported with amendment S. 2569, to provide the State Department with certain basic authority relating to printing and binding outside the U. S., transportation and travel allowances for Foreign Service Officers, and certain household administration in connection with the activities of the State Department (H. Rept. 2508). p. 10114

8. INFORMATION; FAIRS. The Foreign Affairs Committee reported with amendment the following: p. 10114

S. 3116, to provide for the promotion and strengthening of international relations through cultural and athletic exchanges and participation in international fairs and festivals (H. Rept. 2509).

H. J. Res. 604, to authorize the President to invite the States and foreign countries to participate in the U. S. World Trade Fair to be held in N. Y., N. Y. from April 14 - 27, 1957 (H. Rept. 2518).

9. FOREIGN TRADE. Rep. Philbin commended the President for his action in the relief of the linen toweling industry by placing certain tariff increases on that item, and further indicated that this demonstrated an awareness by the Executive of the plight of the textile industry. p. 10111

10. FISHERIES. The Merchant Marine and Fisheries Committee reported with amendment H. R. 11570, to establish a sound and comprehensive national policy with respect to fisheries and wildlife; to strengthen the fisheries and wildlife segments of the national economy, and to create and establish within the Interior Department the office of Under Secretary of Fisheries and Wildlife, a Fisheries Service and Wildlife Service (H. Rept. 2519). p. 10114

11. CONTRACTS. Rep. Cooper requested and received permission for the Ways and Means Committee to file by midnight Sat. a report on H. R. 11947, to amend and extend the Renegotiation Act of 1951. p. 10081

12. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported H. R. 525, which would amend Sec. 22 of the Interstate Commerce Act by eliminating authorization for handling property free or at reduced rates for the U. S. and transporting persons for the U. S. Government free or at reduced rates. p. D705

SENATE

13. FOREIGN AID. Continued debate on H. R. 11356, the mutual security bill (pp. 10125, 10152, 10187). Rejected, by a vote of 43 to 45, an amendment by Sen. Young to limit the importation of agricultural commodities which are in surplus supply when no quantitative import limitations are in effect (p. 10166), and,

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 84th CONGRESS, SECOND SESSION

Vol. 102 WASHINGTON, THURSDAY, JUNE 28, 1956 No. 108

House of Representatives

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art always inclining our hearts to come unto Thee in the fellowship of prayer, inspire us now with a vision of the worth and sanctity of this new day.

We humbly confess that in thinking of our days with their mornings and evenings, their problems and tasks, we frequently find so much that baffles and perplexes us.

May we receive Thy divine wisdom and guidance to discern each day's meaning and mission and to know what is best for ourselves, for our country, and all mankind.

Grant that our faith in the triumph of Thy righteous purposes may never grow dim or become eclipsed by doubt or fear, but may we believe in Thy sovereign power.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 10872. An act to provide for extension of the time during which annual assessment work on unpatented mining claims validated under section 2 of the act of August 11, 1955, may be made, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1275. An act to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 11320) entitled "An act to effect the control of narcotics, barbiturates, and dangerous drugs in the District of Columbia, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MORSE, Mr. BIBLE, and Mr. HRUSKA to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9052) entitled "An act to amend the Export Control Act of 1949 to continue for an additional period of 2 years the authority provided thereunder for the regulation of exports."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9720) entitled "An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1957, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9852) entitled "An act to extend the Defense Production Act of 1950, as amended, and for other purposes."

PERMISSION TO FILE REPORT ON H. R. 11947

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight Saturday to file a report on the bill H. R. 11947, together with minority views.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

CONFERENCE REPORT ON H. R. 11619

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the conferees on H. R. 11619 may have until midnight Saturday to file the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

EXTENSION OF EXPORT CONTROL ACT OF 1949

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (H. R. 9052) to amend the Export Control Act of 1949 to continue for an additional period of 2 years the authority provided thereunder for the regulation of exports, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 26, 1956.)

The SPEAKER. The question is on the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

Mr. SPENCE. Mr. Speaker, I call up the conference report on the bill (H. R. 9852) to extend the Defense Production Act of 1950, as amended, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

CALL OF THE HOUSE

Mr. SADLAK. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 79]

Adair	Eberharter	Phillips
Barrett	Gamble	Prouty
Bass, Tenn.	Green, Pa.	Saylor
Bell	Harden	Scudder
Blitch	Hoffman, Ill.	Shelley
Celler	King, Calif.	Thompson, La.
Chatham	Lane	Thompson, Mich.
Cunningham	Macdonald	Thornberry
Davis, Tenn.	Morrison	Tuck
Davis, Wis.	Moulder	Wilson, Ind.
Dawson, Ill.	Murray, Tenn.	
Dorn, S. C.	O'Hara, Minn.	

The SPEAKER. Three hundred and ninety-four Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The SPEAKER. The Clerk will read the statement of the managers on the part of the House.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of June 26, 1956.)

Mr. SPENCE. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, this conference report is the unanimous report of the conferees on the part of the House and it extends the Defense Production Act for 2 years from June 30, 1956. I am sure you all know the importance of the Defense Production Act. It is to coordinate and strengthen our defense.

It was enacted in 1950 and has been extended periodically to the present time.

It seems to me it would be very bad policy at this time to do anything that would result in failure to extend the act.

I am sure that the only opposition to this conference report is to amendment No. 4 which declares it is the policy of Congress to encourage geographical dispersal of industrial facilities and to provide that the Government, in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle when practicable and consistent with existing law and the desirability of maintaining a sound economy, where such dispersal is in the interest of national defense.

I think that the apprehension and fears that have been engendered in the minds of many of our Members are entirely without foundation. This amendment will not apply to any of the industries that are financing themselves without Government aid. These industries may select their locations and expand as they please. When the Government furnishes financial assistance in the interest of national defense it should have the right to influence the location of the industries aided.

I am confident that no financial injury will result to the industries established on the Atlantic or Pacific seaboard and I am equally confident that the carrying out of this policy will strengthen our national defense.

This amendment was offered by the Senate. It has been twice passed by it, once by a vote of 40 to 20, and again by a vote of 48 to 13.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Connecticut.

Mr. MORANO. Does the gentleman know whether the other body has already discharged its conferees?

Mr. SPENCE. They have. No motion to recommit will be in order. If you vote this conference report down, the Defense Production Act dies day after tomorrow night. If you do not agree to this conference report and other conferees are appointed, under the circumstances I feel confident that no agreement will be reached for a long time.

Mr. MORANO. Mr. Speaker, if the gentleman will yield further, first I want to say that I am opposed to the amendment most vigorously. Is it not true that the other body can appoint new conferees if we should vote down this conference report?

Mr. SPENCE. You cannot recommit this report because the conferees on the part of the Senate have been discharged.

Mr. MORANO. I am not asking about a recommittal. I am asking if you vote down this conference report.

Mr. SPENCE. This ends the matter so far as this conference is concerned.

Mr. MORANO. Could not the Senate then appoint new conferees?

Mr. SPENCE. Yes; but as a practical matter the Defense Production Act would die day after tomorrow.

Mr. MORANO. Can they not be reappointed and go to conference again?

Mr. SPENCE. Oh, yes. Both bodies will still function. They can appoint conferees, but the result that I have stated will take place.

Mr. Speaker, I ask that the conference report be agreed to.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Of course, what could happen would be a continuing resolution for 30 days. We have done that before on this particular bill when we did not get it through by June 30. The main question that concerns many of us is this: We know that our distinguished friend the gentleman from Kentucky [Mr. SPENCE] knows the situation, but there is a matter of serious concern which would bring about an injustice to certain sections of our country. This idea of sectionalism is repugnant to me, but there is a question of injustice that is equally repugnant. We can understand what a target area is. I think every Member can understand that. Suppose some company wanted to go in the future to Massachusetts, New York, California, Michigan, Ohio, or any other State, into a big city, a target area. We can understand that. But suppose they could locate 40 or 50 miles outside the target area. Under this they could be denied and compelled to go to some other State. I know the gentleman from Kentucky [Mr. SPENCE] does not intend that. It is his opinion that that would not happen. But can the gentleman say that it is the intent of the conferees that that shall not happen?

Mr. SPENCE. I cannot speak for all the conferees, but if this power is used arbitrarily or capriciously and not in the interest of all the people, the Congress is still in session and we can remedy that.

Mr. McCORMACK. If the conferees in their report say that that is not intended, that it is not intended to result in discrimination, that dispersal would be within a State, and outside of a target area within a State, probably a great deal of the difficulty would be obviated. The gentleman has referred to his own personal opinion, which is consistent. But that is not evidence of the intent of the Congress. We would have to have something more than that.

Mrs. SULLIVAN. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentlewoman from Missouri, a member of the Committee on Banking and Currency.

Mrs. SULLIVAN. Thank you very much. I know the distinguished chairman of our committee will be able to clear up some puzzling aspects of this for me. I wonder, if this amendment merely is supposed to reiterate what is already the policy of the Office of Defense Mobilization and of the Department of Defense, then why do we have to write it into the law? What purpose is served?

Mr. SPENCE. The purpose is to emphasize the necessity of this policy, and to be assured that it will be followed.

Mrs. SULLIVAN. Does that mean that the ODM and the Defense Department have been assuming this power and assuming authority that they do not have in this matter? Have they been in violation of the existing law on this, requiring us to rewrite the law to conform to their policies?

Mr. SPENCE. No. The policy is obviously sound, in the interest of the national defense, and does not violate any law.

Mrs. SULLIVAN. As a Representative from a highly industrialized area, I am fearful of what this does to St. Louis business. Does it stop our firms from expanding, where Government aid or tax benefits might be involved?

Mr. SPENCE. If there is an undue concentration of some particular defense industry at a particular location, it will mean that Government aid will probably not be extended to increase this concentration. I think it will have very little effect on the industries of St. Louis. Unless defense industries are unduly concentrated in St. Louis, it will have no effect.

I might point out to the gentlewoman that the Joint Committee on Defense Production maintains a constant watch over the administration of this act, and I am sure that committee will be vigilant in guarding against any abuse of this power. In addition, the Banking and Currency Committee, on which the gentlewoman serves with great ability, will act promptly to correct any abuse, should the need arise.

Mrs. SULLIVAN. I thank the chairman for his statement, which has clari-

fied the issue for me. While it has not reassured me in my fears about this amendment, I shall not take his time to state my opposition. I appreciate his frankness.

The SPEAKER. The time of the gentleman from Kentucky [Mr. SPENCE] has again expired.

Mr. MAHON. Mr. Speaker, would the gentleman yield to me for a unanimous-consent request?

Mr. SPENCE. I yield to the gentleman from Texas.

DEPARTMENT OF DEFENSE APPROPRIATION ACT, FISCAL YEAR 1957

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations have until midnight tonight to file a conference report on the bill (H. R. 10986) making appropriations for the Department of Defense for the fiscal year 1957.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The conference report and statement follow:

CONFERENCE REPORT (H. Rept. No. 2529)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10986) "making appropriations for the Department of Defense for the fiscal year ending June 30, 1957, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 5, 7, 8, 13, 16, 17, and 18.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 9, and 11, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$55,000,000"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$320,162,000"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$357,000"; and the Senate agree to the same.

Amendment numbered 10: That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$1,140,000,000"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$3,724,185,000"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "$41,000,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendment numbered 14.

GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
W. F. NORRELL,
JAMIE L. WHITTEN,
GEORGE ANDREWS,
JOHN J. RILEY,
CHARLES B. DEANE,
DANIEL J. FLOOD,
CLARENCE CANNON,
R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, JR.,
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
GLENN R. DAVIS,
JOHN TABER,

Managers on the Part of the House.

DENNIS CHAVEZ,
CARL HAYDEN,
RICHARD B. RUSSELL,
LISTER HILL,
HARRY F. BYRD,
LEVERETT SALTONSTALL,
STYLES BRIDGES,
MILTON R. YOUNG,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 10986) making appropriations for the Department of Defense for the fiscal year ending June 30, 1957, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

DEPARTMENT OF DEFENSE

Title III

Department of the Army

Amendment No. 1—Maintenance and operations: Appropriates $2,967,057,000 as proposed by the Senate instead of $2,954,581,000 as proposed by the House.

Amendment No. 2—Military Construction, Army Reserve Forces: Appropriates $55,000,000 instead of $40,000,000 as proposed by the House and $60,000,000 as proposed by the Senate. Of the $15,000,000 increase over the House bill, $12,000,000 is for National Guard armory and $3,000,000 for National Guard non-armory construction. The managers are agreed that construction of duplicate reserve facilities must be avoided, except in areas where absolutely required as determined by the Office of the Secretary of Defense.

Amendment No. 3—Army National Guard: Appropriates $320,162,000 instead of $306,000,000 as proposed by the House and $321,492,000 as proposed by the Senate. The managers are agreed that of the increase of $14,162,000 over the amount contained in the bill as passed the House, $11,162,000 is to cover costs resulting from the anticipated increase in the strength of the Guard, and $3,000,000 for salaries of additional technicians and equalization of technicians pay grade structure. The managers are further agreed that this appropriation, in an amount not exceeding $330,000, may be used for the travel of National Guard teams to national rifle matches, provided that no regular activity is in any way reduced.

Amendment No. 4—National Board for the Promotion of Rifle Practice: Appropriates $357,000 instead of $297,000 as proposed by the House and $534,000 as proposed by the Senate. The increase of $60,000 over the amount provided by the House is for the purchase of .22-caliber ammunition.

Amendment No. 5—Reduction in Appropriation, Army Industrial Fund: Restores language proposed by the House and stricken by the Senate reducing the amount available in the Army industrial fund by $110,000,000.

Title IV

Department of the Navy

Amendment No. 6—Service-wide operations: Appropriates $102,435,000 as proposed by the Senate instead of $102,472,000 as proposed by the House. The managers are agreed that if the three sets of flag officers quarters are authorized by the Congress and constructed at the Naval Observatory they shall be furnished and maintained with funds available under this appropriation item at a cost of not to exceed $37,000.

Amendment No. 7—Naval Petroleum Reserves: Appropriates $683,000 as proposed by the House instead of $1,183,000 as proposed by the Senate. The managers are agreed that this appropriation shall be available for the costs of maintenance and protective guard services of the Government's oil-shale plant at Rifle, Colo., pending disposition of this facility by the responsible Federal agencies.

Amendment No. 8—Reductions in Appropriations: Reduces the Navy Industrial Fund by $52,000,000 as proposed by the House instead of $12,000,000 as proposed by the Senate.

Title V

Department of the Air Force

Amendment No. 9—Aircraft and related procurement: Appropriates $6,848,500,000 as proposed by the Senate instead of $6,048,500,000 as proposed by the House. The committee of conference is agreed that the added funds should be utilized to expedite production of heavy bombers, tankers, and other essential Air Force weapons to the optimum limit of existing facilities. The Managers on the part of the House place the Department on notice that the action taken in approving the additional funds above the Budget for Aircraft and Related Procurement should not be interpreted as an invitation toward waste and loose fiscal procedures and calls attention to a report on procurement policies released by the House Committee on Appropriations earlier this year.

Amendment No. 10—Procurement other than aircraft: Appropriates $1,140,000,000 instead of $1,100,000,000 as proposed by the House and $1,177,000,000 as proposed by the Senate.

Amendment No. 11—Research and development: Appropriates $710,000,000 as proposed by the Senate instead of $610,000,000 as proposed by the House.

Amendment No. 12—Operation and maintenance: Appropriates $3,724,185,000 instead of $3,684,185,000 as proposed by the House and $3,780,185,000 as proposed by the Senate.

Amendment No. 13—Military personnel: Appropriates $3,718,440,000 as proposed by the House instead of $3,745,440,000 as proposed by the Senate.

Amendment No. 14—Military personnel: Reported in disagreement.

Title VI

General Provisions

Amendment No. 15: Limits the availability of funds for preparation for sale or salvage of military materiel to $41,000,000, instead of $31,000,000 as proposed by the House and $53,500,000 as proposed by the Senate.

Amendment No. 16: Deletes provision of the Senate for the transfer of $40,000,000 from the Navy industrial fund and $110,000,000 from the Army industrial fund to the Air Force industrial fund.

Amendment No. 17: Deletes provision of the Senate making appropriations for procurement of aircraft and missiles available for expenses of development. The committee of conference does not intend that the deletion of this provision alter the existing procedures in the application of these funds.

Amendment No. 18: Changes section number.

GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
W. F. NORRELL,
JAMIE L. WHITTEN,
GEORGE ANDREWS,
JOHN J. RILEY,
CHARLES B. DEANE,
DANIEL J. FLOOD,
CLARENCE CANNON,
R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, Jr.,
EDWARD T. MILLER,
HAROLD C. OSTERTAG,
GLENN R. DAVIS,
JOHN TABER,
Managers on the Part of the House.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

Mr. TALLE. Mr. Speaker, I should like to consult with my chairman about allocation of time to this side.

Mr. SPENCE. Mr. Speaker, how much time does the gentleman from Iowa desire?

Mr. TALLE. I may say to the gentleman from Kentucky that there are requests for considerable time on this side. I trust that my chairman will grant this side half of the time.

Mr. SPENCE. Mr. Speaker, I yield the gentleman from Iowa 20 minutes to be distributed among Members on this side.

Mr. TALLE. Mr. Speaker, may I hold out some prospect for some additional time, inasmuch as I have had many requests for time?

Mr. SPENCE. The gentleman may hope for that, but I do not know that I can guarantee it.

Mr. TALLE. Mr. Speaker, my relationship with the gentleman from Kentucky has always been pleasant, and I may say that that is not a forlorn hope.

The SPEAKER. Without objection, the gentleman from Kentucky may yield 20 minutes to the gentleman from Iowa to be allocated as he desires.

There was no objection.

Mr. TALLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is my belief, in the light of careful inquiry and what I learned in conference, which I may say was very amicable, that some Members of Congress are more disturbed about the dispersal amendment than close scrutiny warrants. May I make a few comments to support my point?

In the first place, it is a statement of policy. In the second place, the amendment says that this is a policy which shall be followed when practicable. In other words, it certainly is not an ironclad policy. Geographical dispersal may not occur without taking several other factors into account. In the third place, it relates to national defense, to maintaining a sound economy and must be consistent with existing law. And the last sentence of the amendment says that nothing contained in this paragraph shall preclude the use of existing industrial facilities. The amendment does not disturb anything which exists now.

May I now quote from the statement of the managers on the part of the House on page 3 of the conference report:

The amendment is designed to give an expression of congressional support and approval of the dispersal policies which the Office of Defense Mobilization and the Department of Defense have already adopted, and are carrying out.

Mr. McDONOUGH.. Mr. Speaker, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from California.

Mr. McDONOUGH. If it is the policy already being carried out, why reiterate it in this conference report? By such a reiteration the Department of Defense is encouraged to stimulate its action along these lines.

Mr. TALLE. The House conferees certainly did very well in conference, for in the original version of the amendment the word "promote" was used. We asked that the word "promote" be deleted and that the word "encourage" be substituted for it. Our purpose was to avoid the use of a word that might connote the intent to stimulate.

Mr. RABAUT. Mr. Speaker, will the gentleman yicld?

Mr. TALLE. I yield to the gentleman from Michigan.

Mr. RABAUT. I am not going to vote for anything that will put the great automobile business of Detroit and Michigan in a goldfish bowl and circumvent their expansion. That is what this does. I am not going to vote for it. I cannot vote for it. I do not think anybody from a great industrial district can vote for anything like this. The committee can give all the permission they desire; what they ask here is congressional approval. The industrialists have some idea of business or they would not be the giants they are today. They recognize hazards and will insure accordingly. They manned the factories called the hub of the arsenal of democracy in the darkest days of this country. We are circumventing these people. We are saying by this legislation, "You cannot expand any further." I do not think it is good legislation. These people will know whether or not they are in danger. I do not think we should approve the fourth section in this report.

Mr. TALLE. I can assure the gentleman from Michigan, for whom I have great affection, that there is no intent on the part of the conferees to place existing industries in jeopardy or cause injury to our great industrial centers.

Mr. Speaker, rather than consume more time, may I invite the attention of Members to what this amendment does not do, as stated at the top of page 3 of the conference report?

Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Speaker, this amendment has the effect of putting the congressional stamp of approval on Office of Defense Mobilization Order I–19. I believe that is the number. I am quoting it from memory. It is a very long order of some 15 or 20 pages, giving an order to the Defense Department on how they should procure materials and when they should approve of the construction of facilities.

I think all those of us from the industrial areas have been aware of that Office of Defense Mobilization order and have been fighting it tooth and toenail as far as we could, but that is an order carrying the weight of the White House.

CALL OF THE HOUSE

Mr. HESELTON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 80]

Barrett	Fisher	Saylor
Bass, Tenn.	Gamble	Scudder
Bell	Gentry	Shelley
Blitch	Gray	Thompson, La.
Celler	Green, Oreg.	Thompson, Mich.
Chatham	Green, Pa.	Thomson, Wyo.
Coudert	Harden	Thornberry
Cunningham	Hoffman, Ill.	Widnall
Davis, Tenn.	Lane	Wilson, Ind.
Davis, Wis.	Morrison	Wolcott
Deane	O'Hara, Minn.	
Dorn, S. C.	Phillips	
Eberharter	Prouty	

The SPEAKER. On this rollcall 394 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EXTENSION OF DEFENSE PRODUCTION ACT OF 1950

The SPEAKER pro tempore (Mr. MILLS). The gentleman from California [Mr. HINSHAW] is recognized.

Mr. HINSHAW. Mr. Speaker, when the roll was called I was saying to the Members of the House that the very statement contained in the statement of the managers on the part of the House is designed to give expression of congressional support and approval to the dispersal policies of the Office of Defense Management as they are contained in Defense Management Order No. I–19 of January 1956. Do you know what is in that order? I have read parts of it, but not all of it. It is a long order.

Do you know what is contained in that order? There is contained in the order, among other things, a requirement that the procurement of goods and services be dispersed geographically. It affects not only in the construction of plants but the procurement of goods and services.

Now, what can that mean to you? It can mean that if you have a plant in production and some fellow down in the Defense Establishment placing defense orders decides that placing an order in your district would be a violation of congressional intent, then your labor is going to be out of work; your labor will be forced to move, and your management will be forced to move. That has happened in my own district and adjoining districts in my own part of the country. Here we are accepting, if we accept it, a policy that has been approved only by 7 Members of this House, the 7 Members of this House who were the conferees on this particular bill. It was not

a subject of hearings before the House Committee on Banking and Currency. Yet, we would give the stamp of congressional approval on a policy which that committee has not studied. I have not, for example, had an opportunity to appear before any group of the Congress to present my views, and you do not know what your views ought to be, because you have not seen the ODM orders. Now, that is what this thing does. It is an outrage upon the industrial areas of the United States. It would make farm communities out of the industrial areas and industrial areas out of the farm areas.

Mr. HOSMER. Mr. Speaker, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from California.

Mr. HOSMER. Would it not be a bad thing to lock into law a matter of defense strategy? In other words, there might be some change in defense tactics when you would want to concentrate things, and here you have a law that says you cannot do it, the same as military tactics in regard to making an offense on a particular day and time.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Would not the effect of this action be to have the Congress fix an economic policy of the country contrary, probably, to the best economic interests of the Nation as a whole?

Mr. HINSHAW. It would have us adopt an economic policy of which we have no knowledge at all.

Mr. BROWN of Ohio. And without study by the Congress itself.

Mr. HINSHAW. Exactly. There has been no study given to it. There have been studies made of civilian defense and there have been studies made of other subjects, but I know of no genuine study made of this dispersal question.

Mr. BROWN of Ohio. Of course, economic conditions and good commonsense have established these different plants in the lcations in which they are now situated; is that not true?

Mr. HINSHAW. Yes.

Mr. BROWN of Ohio. And we would be upsetting that policy.

Mr. HINSHAW. Yes.

Now, one other thought in closing. The gentleman from Kentucky [Mr. SPENCE] points out that the law will expire Saturday night if we do not agree to this amendment and agree to the conference report. Well, that is perfectly true; but it can be reinstituted on next Monday without this amendment, which has been presented with no knowledge on the part of the Members of the House and no hearings held.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, this, in my opinion, is not the way to legislate, and I urge that this conference report be rejected.

You need not fear that the law will expire or we will have no Defense Production Act if you do reject the report. I am certain that the majority and the minority leadership will agree to bring in a concurrent resolution and we will pass it almost as fast as it can come to the floor extending the law as it exists at least for 30 days, so that you can consider this problem further if you want to. I do not think you will want to consider it further, because this dispersal provision was recommended some years ago by the House Committee on Banking and Currency. It came to the floor and was overwhelmingly rejected, and the Senate at that time went along with the House action.

This year nobody, but nobody, from the executive department appeared before the House Committee on Banking and Currency and asked for this dispersal provision. There is not a word of testimony in the record of the hearings conducted by the House committee on this subject. There is nothing that I know of that was sent to the committee after the hearings were closed that asked for this provision. There was some testimony on the other side, and then the Senate adopted the provision. Now the House is asked to write it in, because the Senate thinks it is a good thing.

Mr. TABER. Mr. Speaker, will the gentleman yield for a question?

Mr. MULTER. I am glad to yield to the gentleman.

Mr. TABER. Is it not a fact that this would wipe out the industries in the thickly populated States, and spread them out into the country?

Mr. MULTER. That is the theory behind it. Wheher it would wipe them out or not, it would certainly prevent their expansion.

Mr. DODD. Mr. Speaker, would the gentleman yield?

Mr. MULTER. I yield to the gentleman from Connecticut.

Mr. DODD. I wonder if the gentleman would explain to us the necessity for this kind of action. We are told in the report on the amendment that this is already policy. If this is so, why should we be asked to legislate on the matter? It appears to me that there must be some sinister influence at work here. What is behind all this? I wonder if the gentleman could help us to clear that up.

Mr. MULTER. All I can tell the gentleman is that if it is policy, and apparently it has been announced as policy, Dr. Flemming, representing the Office of Defense Mobilization told the Senate Committee—and I take that from their hearings—that the effectiveness of the Executive order is reduced without this provision. I say let us not give it to them until the House Committee on Banking and Currency has considered it fully again, heard all the witnesses and reported to the House. The House will then have an opportunity to debate it and work its will on it, as it did several years ago.

Mr. HESELTON. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. HESELTON. I notice in the report the words are used, "It does not require replacing existing industries." Why did they not say that it does not permit it?

Mr. MULTER. Nor does it permit existing industries to expand. If you have a little shop in your district that wants a Government contract, but it cannot do the job unless it expands, then ODM will say, if you give them this authority, that the firm must expand at some other place, possibly in another State.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Michigan.

Mr. RABAUT. The gentleman has just brought up a very good point. That is where the bite comes here. Take the great automobile industry. As I said before the rollcall, they would place that industry in a goldfish bowl. These are businessmen. They know how far they want to expand. They know what property they have purchased for expansion. They have the responsibility for the use of that property.

Mr. MULTER. I cannot cry too much about General Motors and the automobile industry. I know they are in the gentleman's district and they could be hurt by this provision and we shouldn't hurt them. But I am more concerned about the little fellows all over the country who would be hurt.

Mr. RABAUT. They are all going to be hurt.

Mr. MULTER. The gentleman is correct.

Mr. DOYLE. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from California.

Mr. DOYLE. The conference report, in reference to amendment 4, while not numbering the bill, refers to H. R. 9852. I should like to call attention to page 3, lines 21 to 25 of that bill and ask the gentleman what his opinion is with reference to whether or not this proposal would control the granting of any loans or financial aid.

Mr. MULTER. Unless I do not understand the English language, the lines the gentleman refers to on page 3 will prohibit Government loan or aid for the construction, the expansion or the improvement of any—and I quote "any"—industrial facility in any part of the country.

Mr. PATTERSON. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Connecticut.

Mr. PATTERSON. From what the gentleman has said, they will not allow expansion within one of our congressional districts. If they do not allow that, will they then direct a factory where to go, or where it may expand?

Mr. MULTER. Yes. If you need Government assistance in order for that little plant to expand, they will say that you may do it, provided that you go to the State or the place that they pick out for you. And you will not get help unless you do.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Connecticut.

Mr. MORANO. Is it not true that if you require the geographical dispersal of plants you will also require the dispersal

of skilled workers to places where they may not want to go?

Mr. MULTER. That is true.

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Ohio.

Mr. VANIK. Is it not a fact that if there is a dispersal it will also mean a dispersal of the defense installations? The Nike sites, and jet bases, will have to be dispersed all over the country.

Mr. MULTER. That is supposed to be the purpose of this provision.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Does not the gentleman think if we are going to have geographical dispersal of plants we ought to have geographical dispersal of people? We ought to move the people out of these areas, too. Does the gentleman believe this is going to be the answer to safeguarding industry from all the problems of the atomic bomb?

Mr. MULTER. I think the gentleman's questions pose very real problems. This provision will assure no one of any safety from bomb damage or destruction.

Mr. BOLAND. No matter where you drop the bomb it is going to ruin industry no matter where it is, North, East, South, and West.

Mr. MULTER. That is true.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Michigan.

Mr. RABAUT. It is going to disrupt industry all over the country.

Mr. MULTER. If I can sense the temper of this House, I think it agrees that this conference report must be rejected.

Mr. TALLE. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut [Mr. SADLAK].

(Mr. SADLAK asked and was given permission to revise and extend his remarks.)

Mr. SADLAK. Mr. Speaker, I have been anticipated on some of the notes I have made on this very vital amendment but I call your attention to amendment No. 4 as it is referred to in the statement of the managers on the part of the House. The statement reads:

> This amendment added to the House bill a new provision amending the Defense Production Act so as to declare that it is the policy of Congress to encourage geographical dispersal of industrial facilities and to provide that the Government, in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle.

So not only are we affecting existing plants but also the existing means of procurement.

In my estimation, this bill will not only make us disunited, it will bring about a disrupted national defense.

We want to set here as a matter of congressional policy something on which we have had no hearings whatsoever. As has been mentioned by the distinguished gentleman from New York [Mr. MULTER], we had this very idea in the Rains amendment some 5 years ago and we defeated it overwhelmingly.

If we desire this dispersed amendment we ought to act in a direct way; following the parliamentary procedure provided for, by having hearings on this matter of such vital importance, and not doing it by indirection.

Unfortunately, at this point in the legislative process, the parliamentary situation is this: The other body has already discharged its conferees. We cannot recommit the conference report, we must of necessity defeat it. Then the distinguished gentleman from Kentucky, the chairman of the Banking and Currency Committee can ask for a new conference. I ask you to vote down this conference report in order that we, in the House, be given on opportunity to deal directly with this disruptive geographical dispersal policy as it is now incorporated in this bill.

(Mr. SEELY-BROWN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SEELY-BROWN. Mr. Speaker, I am deeply disturbed over the fact that the House conferees agreed to accept the Senate amendment which added to the House bill a new provision amending the Defense Production Act so as to declare that it is the policy of Congress to encourage geographical dispersal of industrial facilities.

In previous Congresses, amendments which would have had the effect of dispersing industries were resoundly defeated. This year, the bill to extend the Defense Production Act of 1950, as amended, did not include the dispersal principle. In my opinion, it is, indeed, unfortunate that the House conferees agreed to the Senate amendment without having the matter of dispersal fully debated on the floor of the House.

While the language of the amendment may appear to be innocent, it could, in fact, be most detrimental to the long-range economic development of the entire New England industrial region.

The amendment provides that the Government, in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle when practicable and consistent with existing law and the desirability of maintaining a sound economy, where such dispersal is in the interest of national defense. While there should be taken into consideration the many factors entering into the location of industrial plants, such as access to raw materials, power, labor and transportation, no safeguards are provided to make sure that geographical dispersal will not be the only or principal factor considered. The effect of the amendment, also, might very well result in the denial of defense-production contracts not only to our great industrial firms in Connecticut but throughout New England.

Mr. SPENCE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. HOLLAND].

Mr. HOLLAND. Mr. Speaker, if this conference report is accepted, including amendment No. 4, the result will be complete stagnation of all present industrial districts in the United States. The words of this amendment are far-reaching. It does not apply only to new industries. To use the exact words of the amendment, it applies "in building or assisting construction or improvement of industrial plants. I emphasize the words "improvement of industrial plants." This means that in the congressional district I represent, one of the largest steel centers in the United States, there would be no more expansion in steel. At the present time Jones-Laughlin and the United States Steel Corp. are contemplating a large expansion program in and around Pittsburgh. All of these plans have been made over the years. They are part of the big renaissance of the big steel center of Pittsburgh. This amendment would destroy our plans and stop our progress. I am sure the same conditions exist in every industrial center in the United States. I think we owe it to the people of the great industrial centers of our country to defeat this amendment. I ask, Mr. Speaker, that we refuse to accept this conference report and request that a new conference report be brought in that will not destroy the great industrial centers of our country.

Mr. DODD. Mr. Speaker, will the gentleman yield?

Mr. HOLLAND. I yield.

Mr. DODD. Mr. Speaker, I compliment the gentleman for his remarks and associate myself with him.

It strikes me as strange that the House Members who met in conference with certain Members of the Senate with respect to the legislation extending the Defense Production Act should come back to us with an amendment having to do with geographical dispersal of industrial facilities.

It is strange to me because when this same legislation was before us no mention was made of this proposal, probably because the committee members knew that in recent years every effort to write legislation of this kind in the House of Representatives has met with defeat.

It is a fair assumption, therefore, that those who for several years have been trying to achieve industrial dispersal decided this year to circumvent the House of Representatives.

From a legislative standpoint, what has happened is perfectly clear. The amendment was adopted in the other body and approved in conference and as a result we are faced with a difficult parliamentary situation today.

In the first place, there is not nearly adequate time for the discussion of such an important matter, and in the second place we find ourselves with a kind of legislative pistol at our heads because we are told that unless the House now approves the extension of the Defense Production Act with this amendment, that act will expire.

All of these maneuvers increase my suspicion with respect to the geographical dispersal amendment and make me wonder exactly what is in the minds of those who seek this kind of congressional authorization.

We have been told this afternoon that the administration supports this measure

and we have also been told that this amendment will but give approval to already established policies in the Office of Defense Mobilization and the Department of Defense.

If this is so, the question arises in my mind as to why we are called upon to make law with respect to policies already established.

Mr. Speaker, I have listened carefully to the debate thus far and I have heard no good reasons advanced for the adoption of this amendment in the conference report.

I am deeply fearful that the real purpose behind this series of strange maneuvers is to gain economic advantages for certain parts of this country at the expense of others.

Until and unless those who urge our approval for this type of policy give better reasons than advanced here today, I will not vote for this legislation and I urge my colleagues to vote it down.

(Mr. DODD asked and was given permission to revise and extend his remarks.)

(Mr. BOLAND asked and was given permission to extend his remarks at this point.)

[Mr. BOLAND'S remarks will appear hereafter in the Appendix.]

Mr. TALLE. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, it is unbelieveable that any member of this body who comes from an industrial State would approve this conference report. Speaking for Michigan, I want to point out that we in our State have the plants,, facilities, manpower, trained personnel and the knowhow to undertake a great deal of the defense production work which is before us. Let me point out one thing in particular. In the Department of Defense appropriation bill for fiscal 1957, it is my belief there is approximately $5 billion for production of guided missiles. That kind of production will require new plants, the expansion of existing facilities. If we put our stamp of endorsement on this language, it means that industrial States, including the State of Michigan, will be precluded from participating in this kind of production for the Armed Forces. I say to you, it would not only be bad from the defense point of view to throw away all of this available talent and facilities, but in our State it would have a very serious psychological impact at a very bad time from our economic point of view.

Mr. JACKSON. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. JACKSON. I want to associate myself with the remarks of the gentleman as they pertain to the great industry in his State, and also to say that the same situation pertains to the aircraft industry in the State of California and on the west coast generally.

Mr. FORD. There is no reason whatsoever why a State like Michigan or any other industrial State should be precluded from getting into the future procurement for the national defense program. This legislation, if approved, would stop us from getting into that type of new procurement.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. DONDERO. I want to associate myself with the remarks of the gentleman from Michigan because he is expressing my views on this very matter.

Mr. RABAUT. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. RABAUT. The gentleman is absolutely correct in what he has said. But, over and above that, you would have a complete dispersion of many families in the area. Families cannot follow plants as you move them wholesalelike all over the Nation. Where will housing be found? What about schools, and so forth?

Mr. FORD. We have the personnel, the facilities, and the know-how to handle this kind of work. There is no reason that I can understand why we should be precluded from undertaking that kind of procurement. Approval of the conference report will hurt Michigan seriously.

Mr. PATTERSON. Mr. Speaker, will the gentleman yield?

Mr. FORD. I yield.

Mr. PATTERSON. I agree with the gentleman, but would we not be going one step further. Would we not be taking the powers away from the Congress, which we now have, which powers are given to us by the Constitution?

Mr. FORD. I want it clearly understood that under no circumstances can I endorse what the managers on the part of the House have said on page 1, and I urge rejection of the conference report.

Mr. TALLE. Mr. Speaker, I must now appeal to the chairman of the committee for more time because I have much demand on this side for time and I am now down to my last 5 minutes.

Mr. SPENCE. Mr. Speaker, I yield 5 minutes to the gentleman.

Mr. TALLE. I am grateful to my chairman.

Mr. DIES. Mr. Speaker, if the gentleman will yield; is any time allotted for the proponents?

Mr. TALLE. Mr. Speaker, I now yield 2 minutes to the gentleman from California [Mr. MCDONOUGH].

Mr. MCDONOUGH. Mr. Speaker, I am sure the Members fully understand the importance of the kind of action we are about to take, to declare it the policy of Congress to disperse into geographical areas the services and materials for war production. That means we are entering into a new phase of a planned economy. We are not only saying that the plant shall be located in a certain location but the labor has to be moved to that location in order to provide the service to operate the plant.

We have had no hearings and no understanding as far as the attitude of various Members of Congress is concerned, but there is a bill coming before you that has to do with unemployment in depressed areas. We have held extensive hearings on that. There has been divided opinion in the committee. That is another move in the direction of planned economy.

This conference report should be defeated, because you will have an opportunity to hear the whole story about geographical location of industries when this other bill comes before the House.

By the adoption of this conference report we are approving a means and method to disrupt the economy of all the large industrial areas in the Nation and also giving the Defense Mobilizer and Secretary of Defense the authority to move thousands of skilled and unskilled workers from their present homes to new locations.

I urge the defeat of this report.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. MCDONOUGH. I yield.

Mr. MADDEN. I want to commend the gentleman for his statement. The gentleman from Texas [Mr. DIES] asked about hearing from some of the proponents. I cannot understand how any Member who has read this amendment could be for the amendment, because it would completely revolutionize industry in this country if it is carried out the way this amendment is written. This amendment says: "It is the policy of Congress to encourage geographical dispersal of industrial facilities." This amendment allows the bureaucrats to supervise industrial location and expansion under the umbrella of defense.

It is remarkable that the support for this amendment comes from areas where very little industry is now located. Several distressed areas would not exist today if Secretary of Defense Wilson did not siphon billions of dollars of defense contracts to General Motors. Studebaker, at South Bend, Ind., and other independent automobile factories have been hit hard since General Motors took over the Defense Department. This amendment will encourage that policy.

Mr. MCDONOUGH. I appreciate the gentleman's comments.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. SIEMINSKI. Mr. Speaker, will the gentleman yield?

Mr. MCDONOUGH. I yield.

Mr. SIEMINSKI. Is there a provision that would allow the Department of Defense, in the event of a forced dislocation of people and activity, to cite that such new activities and facilities could be set up in a new area? Suppose an act of God came along and disrupted the whole economy, would this bill take care of such disruption?

Mr. MCDONOUGH. No. It has no reference to that at all.

The SPEAKER pro tempore (Mr. MILLS). The time of the gentleman from California [Mr. MCDONOUGH] has expired.

Mr. SPENCE. Mr. Speaker, I yield 8 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Speaker, I have been amazed at some of the statements that have been made in this rather uproari-

ous debate. I wonder if some of my distinguished colleagues realize that what you say in this conference report might become evidence against you, when I know you were overtestifying in your own behalf.

The simple truth is that we are losing sight of the real purpose of the amendment. From some of the debate we get more heat than light.

I also come from a great industrial center. But this amendment does not prevent expansion of industry. I have listened to statements here to the effect that if this became law General Motors could not build a plant any place it wanted to. All this does is to say to the people of America, the taxpayers, yours and mine, that where we spend your dollars for defense, we must spend it in those places where it will not be subject to destruction by atomic attack.

This bill is a bill for the defense of this country. This bill is for the defense of the Nation—not to promote industry. This bill is to take care of the taxpayers of America who are paying the defense bills—yours and mine—and not to take care of any industry in any particular place.

I think we ought to look in the Defense Production Act at the defense interests involved, just a little bit. This bill is not half the bugaboo the gentlemen would have you believe. I invite your calm and sober reading of just what it actually says. It does not prevent the expansion of existing facilities. It does not say that a plant must be moved to another State. There is in both the conference report and the bill itself the statement that the Office of Defense Mobilization shall take into consideration all of the factors involved. I have heard statements made on the floor which would make one think we were going to move General Motors out of Detroit. There is nothing in the bill that would allow it to be done or even suggest that it be done. There is not a single provision in here to prevent the expansion of existing facilities if in the interest of national defense.

This is a very important and vital amendment if we are concerned with national defense. Much excitement has been created because of telegrams that pour in from chambers of commerce and people who do not understand the problem involved.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Texas.

Mr. THOMAS. I wonder if the gentleman from Alabama would make it crystal clear to us whether or not we will prevent General Motors, if it wants to spend its own money, prevent it from spending it where and when it gets ready to do so.

Mr. RAINS. The answer, of course, is completely and totally obvious: There is not one line in this bill that would prevent it; and all of the statements that have been made to the contrary are not in point and are not in keeping with the bill itself.

Mr. MORANO. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield.

Mr. MORANO. It may not prevent General Motors from spending its own money to erect an expanded plant, but would it not prevent General Motors from getting a contract from ODM in that expanded plant?

Mr. RAINS. The gentleman from Connecticut is reading things in here that are not in the bill or in the report whatsoever.

Mr. MORANO. Would the gentleman answer that question?

Mr. RAINS. I have answered the question.

Mr. MORANO. And the answer the gentleman says is "No"?

Mr. RAINS. The answer is "No." Now, let me ask the gentleman one question, since he is taking my time. If the Office of Defense Mobilization said that it was in the interest of national defense and the safety of the United States to move a section of the plant, a new section which was being built, 50 miles outside of the gentleman's city, would the gentleman be for it or against it?

Mr. MORANO. From the fact that the gentleman has asked me that question he admits and concedes that the Government could move the plant outside Detroit.

Mr. RAINS. No; that is not what I said. I did not say that at all.

Mr. DOYLE. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from California.

Mr. DOYLE. First I want to ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. DOYLE. I call the gentleman's attention to the fact that the conference report states that the amendment does not apply the principle of dispersal to existing plants; but in the act itself on page 3, to which the gentleman has referred, it clearly states that in the rendition of any Government financial assistance it does apply to the construction, expansion, or improvement of any industrial facilities. Is it not true, therefore, that it does apply to the expansion or improvement of any existing industrial facility if that facility gets any Government assistance?

Mr. RAINS. That is not correct, because the section carries with it other saving clauses which the gentleman failed to read.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. RAINS. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman is making an excellent statement. If the taxpayers' money is used why should not the Government insist upon construction of a facility somewhere other than in a target area? Why not?

Mr. RAINS. I can only say that in the days since World War II this particular bill has had the approval of the National Security Council in other administrations as well as in this one.

I would like to say one other thing. If you have the idea that you can send us back to conference with the Senate of the United States, those of you who have been there, and if you read the Senate debate between two distinguished Republicans in the United States Senate, one of them the author of this amendment, and think they are going to surrender a 4 to 1 vote you have another thought coming. Too, if you have some idea that the people of this country will not wonder about letting the Defense Production Act with all of the activities which it must carry for the national defense, expire and go into limbo simply because of some selfish interest or imagination about a plant, I am sure you are wrong.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

Mr. SPENCE. Mr. Speaker, I yield 3 minutes to the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that all Members may have the privilege of extending their remarks at this point in the RECORD on the conference report now being considered.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. FOGARTY. Mr. Speaker, in its present form, I am forced into opposition to the Defense Production Act presently before us. I cannot vote for this bill as long as it contains the Senate amendment providing for geographical dispersal.

I understand that the amendment as approved by the Senate reads as follows:

> In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to promote the geographical dispersal of the industrial facilities of the United States in the interest of national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States.

I am particularly concerned with the interpretation which might be placed upon the phrase "geographical dispersal" by some of the executive agencies should this section become law. My own State of Rhode Island because of its relatively small size in comparison to its industrial capacity could be disastrously hit should the executive branch adopt a loose interpretation of this provision.

Heretofore, the matter of plant dispersal has been considered exclusively on the basis of satisfactory location within a certain section or area and the idea of scattering industrial plants throughout the land has been repudiated. A broad interpretation of this amendment as read today could possibly rule out the entire State of Rhode Island as a suitable location for industrial facilities simply because of the fact that the city of Providence, with its concentration of defense production plants, virtually dominates the entire State.

The amendment further states that this principle of geographical dispersal shall be considered by the Government in matters of financial assistance for construction, expansion, or improvement of defense production facilities and also

in the procurement of goods and services. A loose interpretation of this phrase could deal a death blow to the hopes and aspirations of many of our Rhode Island communities which are so desperately striving to pull themselves up virtually by their own bootstraps to a secure plane of economic stability. A perfect example of the damage which could be caused is the city of Woonsocket which already qualifies as a distressed area in other matters relating to Federal assistance and which has been doing an excellent job in industrial redevelopment. Passage of the Defense Production Act with this section intact could conceivably reverse all the work the city of Woonsocket has done and plunge that community into the abyss of economic chaos.

We, in Rhode Island, have long been suffering from the problems which necessarily attach to a 1- or 2-industry State. We know intimately the burdens inflicted by the flight of the textile industry to mills in the South and the movement of the center of the machinery-manufacturing industry to the Middle West. We further know, however, that we still have the exceptional skills of our people—skills which can be used by other types of industry.

Both public and private sources have been constantly working with diligent effort to bring to Rhode Island diversified industries. All this effort will be wiped out, I am convinced, should the bill before us today be approved with the geographical dispersal still included in it.

That amendment will certainly be considered as virtually a warning to any interested industry to stay away from Rhode Island. It implies that the Federal Government may step in to wreck their operations.

In this amendment, Mr. Speaker, I see all the efforts of our Rhode Island communities being jeopardized, and I cannot in good conscience register my vote in favor of the bill so long as the geographical-dispersal amendment attaches to it.

I intend therefore to vote against it.

Mr. CRETELLA. Mr. Speaker, I am opposed to the conference report accompanying H. R. 9852, a bill to extend the Defense Production Act of 1950, and am extremely disappointed that managers on the part of the House saw fit to include in the report, amendment No. 4, which adds a new provision to the present Defense Production Act so as to declare it the policy of Congress to encourage geographical dispersement of industrial facilities, and in providing that the Government in building or assisting construction or improvement of industrial plants and in procuring goods and services shall follow the dispersal principle when practicable and consistent with existing law.

There is no question in my mind but that this is a back door attempt to further pirate industries in the industrial areas to be established in other localities under the guise that their present location may become a delicate area in the event of war. In my opinion, in the event of an all-out war, I do not believe there is any part of the United States which would not be vulnerable to attack and there would be no part of the United States which would be safer than any other.

Those of us representing industrial areas have already felt the impact of industry being removed from our midst either by volition on the part of management or because of the lure and inducements held out to them by those of other States who have shown by their offers that they are able to take care of these plants by reduced taxes, cheap power, and other benefits.

We of the present industrial area have been contributing to the funds which have made all of this possible and what we are, in fact, doing is indirectly depriving ourselves of the wherewithal to produce and the industries which have made our country so highly productive.

While it has been said on the floor of the House that there is no sectionalism involved in those who are supporting this amendment, I am convinced that there is no other reason which prompts their action. Hiding behind the cloak of national defense is only a sham.

I trust that enough Members of this Congress can see the hypocrisy behind the move to include this amendment in this report and telling us that if we vote against the report we are, in effect, killing the Defense Production Act which expires within the next 2 days.

If the proponents were so interested in its continuation it would appear that they would have put up a greater resistence to the inclusion of the amendment rather than submit it meekly to its incorporation in the report.

DISPERSAL AMENDMENT GIVES GOVERNMENT GREAT POWER

Mrs. SULLIVAN. Mr. Speaker, earlier I asked the distinguished chairman of the Committee on Banking and Currency several questions about the affect of the dispersal amendment on industry in areas such as St. Louis, where we are heavily industrialized. As always, the gentleman from Kentucky was most forthright and helpful. It is seldom indeed that I do not follow his leadership on legislation coming before our committee. In this instance, however, I must vote to recommit the conference bill to strike this amendment.

The dispersal amendment was not in the House bill. It was added in the Senate. In conference it has, perhaps, been watered down a little, to use the word "encourage" in place of the word "promote."

But I am nevertheless afraid that in "encouraging" dispersal of industry, the vast powers of the Federal Government in allocations, or in the use of the tax amortization laws, can be used very definitely to the disadvantage of existing industrial centers. Does this mean that a firm cannot expand its facilities without suffering substantial tax penalties sufficient to persuade it to go elsewhere? Does it mean a firm in St. Louis with a plant which is becoming obsolete or obsolescent would be pushed into closing it down and building a replacement plant elesewhere?

The chairman has said that it applies only where there would appear to be undue concentration of a particular defense industry. Do we mean undue from the standpoint of some underdeveloped area of the country looking for new industries, or undue from the standpoint of an atomic bomb attack, or undue from the standpoint of competing firms or competing industries? This is a pretty broad range of possibilities.

What I very much fear is that with an amendment like this written into the law, the Government administrators might well believe they have been advised and instructed—directed, you might say—by Congress to push industry out of the industrialized centers and set it up instead in the weed patches of undeveloped or underdeveloped States.

If the amendment is intended to protect us against hydrogen bomb attack, it is indeed a very weak reed. The Civil Defense Administration says there is only one real defense and that is peace. We are told that in order to be reasonably secure, we should build underground shelters and factories where we could remain up to 3 weeks after a bomb is dropped.

Now moving a plant out of St. Louis to a weed patch somewhere is no solution unless there is the guaranty the enemy will not drop any bombs near the new location. How far off was the Bikini bomb—how many miles off target?

No, Mr. Speaker, I do not think we protect our country's defense potential with a few words like this inserted in the Defense Production Act. If we are to have our defense industries made secure against attack, then we must build them underground, I suppose. We must do a real and effective job of protecting our industrial potential, and we have not done it up to now, just as we have not protected our civilian population.

But let us not play at this and pretend we are safeguarding our production facilities, when all we seem to be doing is to make it harder for existing industrial centers to hold on to their industries under the pressures from our own Government to disperse us into unemployment and economic disaster. I cannot vote for this conference report.

Mr. VANIK. Mr. Speaker, a reappraisal of the Defense Production Act is long overdue. The wide-scale economic effect of the activities of this important function should be carefully scrutinized. The administration of this law has gone far beyond its originally stated concepts. Defense mobilizing is used in our economy to prop up sagging conditions in various businesses and industries.

In the stockpiling of strategic metals, the emphasis seems to be on the establishment of a program of price supports for certain mining industries. The need for a price-support program for the development of a domestic metals industry may be justified, but that kind of activity should bear a proper label and should not be classified as "production for defense."

Although this legislation does not authorize the accelerated amortization program which is in the jurisdiction of the Ways and Means Committee, that committee is undoubtedly affected by

the discretion of the Banking and Currency Committee relating to an extension of the Defense Production Act.

It is high time to calculate the cost of the accelerated amortization program and to determine whether there is a more efficient way to create productive facilities in the interests of national defense. Defense Mobilizer Flemming testified that tax certificates have already been granted to the extent of $18 billion or 60 percent of the cost of expanded facilities. In view of the fact that these certificates have been granted at a high-income period, it may be assumed that a good portion of the cost of this expansion would have otherwise flowed to Government as taxable income. Dr. Flemming stated he did not know whether it would have cost less for the Government to have collected the taxes due and paid for the expanded facilities on a direct contract basis.

The recent wide-scale grant of quick depreciation certificates for expansion of power facilities is certainly questionable. Most public utilities already operate on a cost-plus basis. The tax amortization certificates were granted in many cases where expansion would have been undertaken without them. The granting of these certificates constitutes a needless bonus to this large and powerful industry.

The current June 25 release of amortization certificates includes a vast number of applications previously denied and lists electrical power company expansions in the name of national defense in predominantly rural areas including some in Ohio such as Tiffin, Kenton, Brilliant, and Forest, Ohio. To my best knowledge, no intensive defense enterprise operates in either Brilliant or Forest, Ohio. The current list of certificates includes certificates for the Phillips Realty Co., of Bartlettsville, Okla., a wholly owned subsidiary of the Phillips Petroleum Co. Ostensibly, the Phillips Realty Co. is engaged in plastic research. This is indeed an extraordinary enterprise for a realty corporation.

Among the other interesting attractions in the current list of certificates of necessity we find that Jack Cohen, of New York City, has received a railroad freight car certificate for $206,000; that Edwin L. Weigand, of Miama, Fla., has received a similar $206,000 certificate; while Mrs. Georgene Renick, of Las Vegas, Nev., has also picked up a $99,000 certificate. If these individuals can obtain these certificates, why cannot anyone else? And if these individual persons can obtain certificates, can they become a transferable asset which may be assigned to someone else at a profit?

It is particularly important in this campaign year that political use not be made of the quick tax write-off certificates. The danger is ever present. The current trend of diffused certificate grants appears to be more political than in the interest of the national defense. It would take blushing explanations to justify tax exemptions for real-estate companies, for crossroads powerplants, and for ladies who want to build railroad cars.

The quick tax depreciation device has served all of the useful purposes for which it was designed during the critical days of World War II and the Korean crisis. No justification exists for the existence of this tax-dodging device at the present time. The only purpose it can achieve is the destruction of any efforts at an equitable income-tax system.

This legislation to extend the Defense Production Act would be improved if the authority to grant quick tax depreciation certificates was eliminated.

Mr. ELLIOTT. Mr. Speaker, I support amendment No. 4, of the conference report on H. R. 9852 to extend the Defense Production Act of 1950.

The matter now at issue between members is this amendment No. 4 which says that—

> It is the policy of Congress to encourage geographical dispersal of industrial facilities and to provide that the Government in building or assisting construction or improvement of industrial plants, and in procuring goods and services, shall follow the dispersal principle, when practicable and consistent with existing law and the desirability of maintaining a sound economy, where such dispersal is in the interest of national defense.

Mr. Speaker, this proposal, or a similar one has been before this body on at least one previous occasion since I have been a member.

As in the past, it is hard for me to see how anyone can conscientiously fight this principle of dispersal. When Uncle Sam is putting up the money for the new plant, or is buying the product of a new plant, it seems to me that he certainly has the right and the duty to see that the money furnished by taxes is wisely spent.

I believe that the principle of industrial dispersal is going to be invoked more and more as the future unfolds.

The adoption of this amendment will provide a real chance for the principle to be put into practice, and a backlog of experience built up under it. The amendment does not require or envision the dispersal of existing plants. It is not an attack on existing industries. It does not apply to or affect non-defense industries. The owners of such industries can build them wherever they want to do so. Even with respect to defense industries dispersal is not the only matter of importance. Other factors to be considered are access to raw materials, power, labor and transportation.

I urge the house to adopt this dispersal amendment by adopting the conference report.

Mr. HOLIFIELD. Mr. Speaker, we are faced, and I am the first to admit it, with a serious problem in this country. We are faced with the probability of atomic and hydrogen weapon attack. If we are not, we are wasting some $35 billion a year. That attack, if and when it comes, is going to involve a lot more than the dispersal of plants. I point with some modesty to the stack of documents on this table.

For 5 months the Subcommittee on Military Operations of the House Committee on Government Operations has been exploring as completely as we could the subject of civilian defense. We think we have covered a great deal of territory. We think we know a great deal about urban vulnerability. But we know that we have not covered the problem of dispersal of industry, with all of the related problems which such a dispersal would involve. We know that is a problem within itself that is so big it would require several months of consideration by the proper committee, the Committee on Banking and Currency probably, or the Committee on Interstate and Foreign Commerce, before there could be brought to this House a piece of legislation which would deal properly with this particular subject.

We also know that the Director of the Office of Defense Mobilization is operating not only under legislation but under three Presidential Executive orders. We know that in this amendment, if it is agreed to and becomes law, that we give congressional support to an enunciated policy of the Defense Department, but I say to you a policy which is very indistinct, and unclear. It has never been carried out as provided in the language of this amendment. The reason it has not been carried out is because there has not been a clear-cut policy enunciated by either executive branch or the Congress. That is the reason I say this question requires a great deal of study before you jump blindly into such an economy-shocking or industry-shocking problem as this dispersal amendment involves.

I ask the Members of this House to think about that very seriously because it is a serious problem. The problem of dispersal of industry is tied in with the problem of Government assistance to industry and Government procurement of the products of industry, and any attempt at geographical dispersion without a well-thought-out policy at this time would create chaos in our industrial life.

People live in urban centers. Whether we like it or not, the laborers in these industries live in urban centers. That is where they live, that is where they have lived for some time in connection with our war production.

Mr. Speaker, I ask that this conference report be voted down so that this matter can be given the proper study by the proper committee, so that all Members of Congress may have an opportunity to speak on this subject.

Mr. SPENCE. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Mr. Speaker, with modern methods of attack, all America is a target area. This bill is called a bill for the defense of America, but it is also a bill for economic stabilization. We have a dispersal of defense industries in America. That is already indicated by the various Members who have expressed concern over this dispersal amendment; representatives from Michigan, California, Ohio, Massachusetts, New York, and other parts of the Nation. We must remember that the national defense of America was designed to protect our industrial cities. We have a tremendous investment in the establishment of jet air bases and in the establishment of NIKE defenses to protect the

cities of America. They are designed to protect these important industrial centers. Our military leaders tell us that this defense is adequate; that it is modern, and that it will take care of the need. Now, if we disperse defense production industries, it means that we are going to have to disperse and weaken national defense installations. We will have to locate more jet air bases and NIKE defenses around the country. The further dispersal of defense production industries will only develop new urban areas which will require new military and civilian defense installations.

Furthermore, the dispersal amendment will vest the Defense Mobilizer and the Office of Defense Mobilization with unprecedented power to determine the location of defense production industries and therefore dictate the areas of future growth and development in America. No greater peacetime powers have ever been vested in one person. It seems to me the economy will be better served by leaving the law as it is, and I urge that this amendment be defeated and that the conference report be defeated.

Mr. TALLE. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. VAN ZANDT].

(Mr. VAN ZANDT asked and was given permission to revise and extend his remarks.)

Mr. VAN ZANDT. Mr. Speaker, I raise my voice in support of the conference report. I represent a so-called distressed area. There are 149 distressed areas in the United States, as a result of pockets of unemployment. I say to you in all fairness that if the language stays in the bill as provided for in this conference report, we who have distressed areas will get a little special consideration from the Government of the United States through the allocation of defense contracts or the location of new plants. I am wondering how many of you Members of the House of Representatives have unemployed groups in your districts. In my district I have in one county alone, as high as 36,000 residents out of a total of about 56,000 dependent upon surplus commodities. I have people in my congressional district whose annual income is only $1,180. We have this blighted area, and are reminded of it daily by the agonizing pleas of the unemployed. We have tackled this distressing problem, and we have raised thousands of dollars through public appeals in an effort to bring new industries into the area to provide these unemployed persons with jobs.

Mr. McDONOUGH. Mr. Speaker, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from California.

Mr. McDONOUGH. I said when I was on the floor a moment ago that there is a bill coming out of the committee to take care of the problem the gentleman is talking about.

Mr. VAN ZANDT. I appeared before your committee and testified.

Mr. McDONOUGH. This report has nothing to do with providing employment.

Mr. VAN ZANDT. Years ago, when the Senator from Michigan [Mr. POTTER], was a Member of the House, we had the subject on the floor and we had a debate on the subject. It is nothing new. All we are asking for is action and that you people who represent these great industrial areas give a little consideration to us who represent distressed areas. I am in support of the language of this conference report.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from New York.

Mr. MULTER. The gentleman assumes because he has a distressed area that the distressed area will not be a target area. How can you assume that any of these distressed areas will get any plants under this bill? This is dispersal for defense.

Mr. VAN ZANDT. In reply to the gentleman, I will say that I appeared before the committee of which he is a member. The gentleman from New York took a negative position on this subject. In reply to your question, before any critical or distressed area gets any Government contract, it has to be declared a nontarget area, and my district in Pennsylvania is a nontarget area.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. VAN ZANDT. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Suppose this passes and then your district changes into a very highly industrial area with great employment, and then my area or some other area becomes labor distressed and we then try to take away from you. What would you say?

Mr. VAN ZANDT. I would say it would be impossible.

Mr. McCORMACK. What would you say?

Mr. VAN ZANDT. It involves the allocation of Government contracts, and the location of plants, but it does not apply to the dispersal of existing plants or require replacing existing industries.

Mr. SPENCE. Mr. Speaker, we have heard all afternoon expressions of unreasonable apprehensions and fears as to what will happen if this conference report is agreed to. It will only continue a program that has been in effect and must continue to be in effect as long as there is fear of hostilities. The amendment will not affect any existing industries or any industry that is willing to expend its own money. It will affect only those industries that ask for Government help. When Government aid is requested I think it cannot be denied it should have the right to determine the location of the industry in the interest of national defense.

I hope the House will adopt this conference report. I think if it does not, we will have a long delay before this organization which has done much for our national security gets into operation again.

Mr. TALLE. Mr. Speaker, I yield 2 minutes to the gentleman from Utah [Mr. DAWSON].

Mr. DAWSON of Utah. Mr. Speaker, I know my colleagues are anxious to get on with the business before the House. But I would just like to take these 2 minutes to see if I cannot dispel a little of the heat and get down to the facts that are to be considered here today.

I have heard various Members talk about how this is going to affect their area. They are taking a rather provincial view of this matter, as far as I am concerned. After all, is not the matter that we ought to consider here what is best for the country as a whole? Of course, I am a country boy and we may get the advantage of some of these industries in our area, but after all, we are spending billions of dollars to defend this country. If we do not give some consideration to the views of the Department of Defense, and give them the right to say where these industries are to go, I think we are wasting our money. Our enemies are taking every precaution to protect their war plants by dispersal and why should we permit our defense industries to be concentrated in the coastal areas where they are sitting ducks for an atomic attack. We had better wake up before it is too late.

After all, that is all the conference report does. It gives confirmation to the power which we have already given, as I understand it, to the Department of Defense to decide whether they are going to disperse; and if that is the case, why should we not go ahead and give them that power to decide what they think is best for the country? Is it not about time we cast aside our selfish interests in our various areas and uphold the hand of the Department of Defense in locating these industries in those places where they think it is best for the good of the country? I urge my colleagues to accept the conference report.

Mr. HIESTAND. Mr. Speaker, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from California.

Mr. HIESTAND. Mr. Speaker, I appreciate the remarks the gentleman has made and he has done very well with them. But I am impelled to ask why is it necessary to write into law the Department of Defense's present discretion in this case? It seems to me they have this discretion and the gentleman has confidence in the way they are administering their duties; what is the necessity of tying them down to a law?

The SPEAKER. Time of the gentleman has expired.

Mr. DAWSON of Utah. I am sorry time does not permit me to answer the gentleman's question.

The SPEAKER pro tempore. The time of the gentleman from Utah has expired.

Mr. TALLE. Mr. Speaker, I have no further requests for time.

Mr. SPENCE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. SPENCE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—years 200, nays 197, not voting 35, as follows:

[Roll No. 81]

YEAS—200

Abbitt	Fountain	Norblad
Abernethy	Frazier	Norrell
Albert	Gary	O'Konski
Alexander	Gathings	Passman
Andersen, H. Carl	Gentry	Perkins
	George	Pfost
Andresen, August H.	Grant	Pilcher
	Gray	Poage
Andrews	Green, Oreg.	Poff
Ashley	Gregory	Preston
Ashmore	Griffiths	Priest
Aspinall	Gross	Prouty
Avery	Haley	Quigley
Ayres	Halleck	Rains
Baker	Hardy	Reece, Tenn.
Barden	Harris	Rees, Kans.
Beamer	Harrison, Nebr.	Rhodes, Ariz.
Belcher	Harrison, Va.	Rhodes, Pa.
Bennett, Fla.	Hays, Ark.	Richards
Bennett, Mich.	Hays, Ohio	Riley
Berry	Hébert	Rivers
Blatnik	Henderson	Roberts
Boggs	Herlong	Robeson, Va.
Bolling	Hill	Rogers, Colo.
Bonner	Hoeven	Rogers, Fla.
Boykin	Hope	Rogers, Tex.
Bray	Horan	Rutherford
Brooks, La.	Huddleston	Schwengel
Brooks, Tex.	Hull	Scrivner
Brown, Ga.	Ikard	Selden
Budge	Jarman	Short
Burleson	Jennings	Shuford
Burnside	Jensen	Sikes
Byrd	Johnson, Wis.	Siler
Cannon	Jonas	Simpson, Ill.
Carlyle	Jones, Ala.	Smith, Miss.
Carnahan	Jones, Mo.	Smith, Va.
Carrigg	Jones, N. C.	Smith, Wis.
Chase	Judd	Spence
Chelf	Kearns	Springer
Chenoweth	Kee	Staggers
Christopher	Kelley, Pa.	Steed
Colmer	Kilburn	Talle
Cooley	Kilday	Teague, Tex.
Coon	Kilgore	Thomas
Cooper	Knox	Thompson, Tex.
Cramer	Knutson	Thomson, Wyo.
Curtis, Mo.	Krueger	Trimble
Davis, Ga.	Landrum	Tuck
Dawson, Utah	Lanham	Udall
Dempsey	LeCompte	Van Zandt
Denton	Long	Velde
Dies	Lovre	Vinson
Dixon	McCarthy	Vursell
Dolliver	McDowell	Wainwright
Dowdy	McMillan	Walter
Durham	Mahon	Watts
Edmondson	Marshall	Weaver
Elliott	Mason	Whitten
Evins	Matthews	Wickersham
Fascell	Merrow	Wier
Fenton	Metcalf	Williams, Miss.
Fernandez	Miller, Nebr.	Willis
Fisher	Mills	Winstead
Fjare	Mollohan	Wright
Flood	Moulder	Young
Flynt	Murray, Tenn.	
Forrester	Natcher	

NAYS—197

Addonizio	Brown, Ohio	Delaney
Alger	Brownson	Derounian
Allen, Calif.	Broyhill	Devereux
Allen, Ill.	Buckley	Diggs
Anfuso	Burdick	Dingell
Arends	Bush	Dodd
Auchincloss	Byrne, Pa.	Dollinger
Bailey	Byrnes, Wis.	Dondero
Baldwin	Canfield	Donohue
Bass, N. H.	Cederberg	Dorn, N. Y.
Bates	Chiperfield	Doyle
Baumhart	Chudoff	Ellsworth
Becker	Church	Engle
Bentley	Clark	Fallon
Betts	Clevenger	Feighan
Boland	Cole	Fino
Bolton, Frances P.	Corbett	Fogarty
	Coudert	Forand
Bolton, Oliver P.	Cretella	Ford
	Crumpacker	Frelinghuysen
Bosch	Curtis, Mass.	Friedel
Bow	Dague	Fulton
Bowler	Davidson	Garmatz
Boyle	Dawson, Ill.	Gavin
Gordon	McConnell	Reuss
Gubser	McCormack	Riehlman
Gwinn	McCulloch	Robsion,, Ky.
Hagen	McDonough	Rodino
Hale	McGregor	Rogers, Mass.
Hand	McVey	Rooney
Harvey	Macdonald	Roosevelt
Hayworth	Machrowicz	Sadlak
Healey	Mack, Ill.	St. George
Heselton	Mack, Wash.	Schenck
Hess	Madden	Scherer
Hiestand	Magnuson	Scott
Hillings	Mailliard	Seely-Brown
Hinshaw	Martin	Sheehan
Hoffman, Ill.	Meader	Sheppard
Hoffman, Mich.	Miller, Calif.	Siemiński
Holifield	Miller, Md.	Simpson, Pa.
Holland	Miller, N. Y.	Sisk
Holmes	Minshall	Smith, Kans.
Holt	Morano	Sullivan
Holtzman	Moss	Taber
Hosmer	Multer	Taylor
Hyde	Mumma	Teague, Calif.
Jackson	Murray, Ill.	Thompson, N. J.
James	Nelson	Tollefson
Jenkins	Nicholson	Tumulty
Johansen	O'Brien, Ill.	Utt
Johnson, Calif.	O'Brien, N. Y.	Vanik
Karsten	O'Hara, Ill.	Van Pelt
Kean	O'Neill	Vorys
Keating	Osmers	Westland
Kelly, N. Y.	Ostertag	Wharton
Keogh	Patterson	Widnall
King, Calif.	Pelly	Williams, N. J.
King, Pa.	Philbin	Williams, N. Y.
Kirwan	Pillion	Wilson, Calif.
Klein	Polk	Withrow
Kluczynski	Powell	Yates
Laird	Price	Younger
Lankford	Rabaut	Zablocki
Latham	Radwan	Zelenko
Lesinski	Ray	
Lipscomb	Reed, N. Y.	

NOT VOTING—35

Adair	Dorn, S. C.	Phillips
Barrett	Eberharter	Saylor
Bass, Tenn.	Gamble	Scudder
Bell	Green, Pa.	Shelley
Blitch	Harden	Thompson, La.
Celler	Kearney	Thompson, Mich.
Chatham	Lane	
Cunningham	McIntire	Thornberry
Davis, Tenn.	Morgan	Wigglesworth
Davis, Wis.	Morrison	Wilson, Ind.
Deane	O'Hara, Minn.	Wolcott
Donovan	Patman	Wolverton

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Cunningham for, with Mr. McIntire against.

Mr. Gamble for, with Mr. Wolverton against.

Mr. Bell for, with Mr. Shelley against.

Mr. Thompson of Louisiana for, with Mr. Wigglesworth against.

Mrs. Harden for, with Mr. Barrett against.

Mr. Dorn of South Carolina for, with Mr. Green of Pennsylvania against.

Mr. Morrison for, with Mr. Morgan against.

Mrs. Blitch for, with Mr. Kearney against.

Mr. Chatham for, with Mr. Phillips against.

Mr. Wolcott for, with Mr. Donovan against.

Until further notice:

Mr. Celler with Mr. Adair.

Mr. Deane with Mr. Davis of Wisconsin.

Mr. Patman with Mr. O'Hara of Minnesota.

Mr. Thornberry with Mr. Saylor.

Mr. Davis of Tennessee with Mr. Scudder.

Mr. Eberharter with Mrs. Thompson of Michigan.

Mr. Bass of Tennessee with Mr. Wilson of Indiana.

Messrs. BOWLER, GORDON, DAVIDSON, and COLE changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. SPENCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report just adopted.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

APPOINTMENT OF CONFEREE

Mr. ENGLE. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania, Mr. SAYLOR, be excused as a conferee on the bill H. R. 6376 and that the Speaker be authorized to appoint a Member to fill the vacancy.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The Chair appoints the gentleman from New York, Mr. PILLION, to fill the vacancy, and the Senate will be notified of the action of the House.

FEDERAL ASSISTANCE TO STATES FOR SCHOOL CONSTRUCTION

Mr. SMITH of Virginia. Mr. Speaker, I call up House Resolution 554 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 7535) to authorize Federal assistance to the States and local communities in financing an expanded program of school construction so as to eliminate the national shortage of classrooms. After general debate, which shall be confined to the bill, and shall continue not to exceed 6 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from Oregon [Mr. ELLSWORTH], and now yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, millions of parents and school children in congested areas over the country will be happy to learn that the Congress is finally considering legislation which will relieve the critical schoolroom shortage in many areas.

The Committee on Education and Labor commenced hearings on this subject in March of 1955, over 1 year and 3 months ago, and it is indeed unfortunate that such a long time has elapsed before

Public Law 632 - 84th Congress
Chapter 474 - 2d Session
H. R. 9852

AN ACT

To extend the Defense Production Act of 1950, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of subsection (a) of section 717 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1958". Defense Production Act of 1950, amendments. 65 Stat. 144; 64 Stat. 822.

SEC. 2. Subsection (b) of section 303 of the Defense Production Act of 1950, as amended, is hereby amended by striking out "June 30, 1963" and inserting in lieu thereof "June 30, 1965". 50 USC app. 2166. 50 USC app. 2093.

SEC. 3. Section 712 of the Defense Production Act of 1950 is amended by adding at the end thereof the following new subsection: 50 USC app. 2162.

"(f) The Secretary of Commerce shall make a special investigation and study of the production, allocation, distribution, use of nickel, of resale as scrap, and of other aspects of the current situation with respect to supply and marketing of nickel, with particular attention to, among other things, the adequacy of the present system of nickel allocation between defense and civilian users. The Secretary of Commerce shall consult with the Joint Committee on Defense Production during the course of such investigation and study with respect to the progress achieved and the results of the investigation and study, and shall make an interim report on the results of the investigation and study on or before August 15, 1956, and shall, on or before December 31, 1956, make a final report on the results of such investigation and study, together with such recommendations as the Secretary of Commerce deems advisable. Such reports shall be made to the Senate (or to the Secretary of the Senate if the Senate is not in session) and to the House of Representatives (or to the Clerk of the House of Representatives if the House is not in session)." Nickel. Report to Congress.

SEC. 4. Section 2 of the Defense Production Act of 1950, as amended, is hereby amended by inserting at the end thereof the following new paragraph: 50 USC app. 2062.

"In order to insure productive capacity in the event of such an attack on the United States, it is the policy of the Congress to encourage the geographical dispersal of the industrial facilities of the United States in the interest of the national defense, and to discourage the concentration of such productive facilities within limited geographical areas which are vulnerable to attack by an enemy of the United States. In the construction of any Government-owned industrial facilities, in the rendition of any Government financial assistance for the construction, expansion, or improvement of any industrial facilities, and in the procurement of goods and services, under this or any other Act, each department and agency of the Executive Branch shall apply, under the coordination of the Office of Defense Mobilization, when practicable and consistent with existing law and the desirability for maintaining a sound economy, the principle of the geographical dispersal of such facilities in the interest of national defense. Nothing contained in this paragraph shall preclude the use of existing industrial facilities." Dispersal of industrial facilities. 70 Stat. 408. 70 Stat. 409.

50 USC app. 2162.

SEC. 5. Effective July 1, 1956, section 712 (e) of the Defense Production Act of 1950, as amended, is amended to read as follows:

"(e) The expenses of the committee under this section, which shall not exceed $65,000 in any fiscal year, shall be paid from the contingent fund of the House of Representatives upon vouchers signed by the Chairman or Vice Chairman."

Approved June 29, 1956.

GPO 71139